THE GANDHIAN PLAN
OF
ECONOMIC DEVELOPMENT
FOR
INDIA

by

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FOREWORD
by
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PADMA PUBLICATIONS LTD
BOMBAY

THE PRESIDENCY BOOK SUPPLIES
8-C, PYCROFT'S RD. TRIPLICANE, MADRAS

BY THE SAME AUTHOR

IN ENGLISH

THE MEDIUM OF INSTRUCTION

(A Plea for the introduction of Mother-tongue media)

FOREWORD BY : MAHATMA GANDHI

ENGLAND THROUGH INDIAN EYES

FOUNTAIN OF LIFE

(With an appreciation by Rabindranath Tagore and Foreword by Sir S. Radhakrishnan)

IN HINDI

Segāon Kā Sant

Roti Kā Rāj

Mānava

سیواگرام
وردھا - سی - پی

SEVAGRAM
Via Wardha (C P)

सेवाग्राम
वर्धा सी. पी

FOREWORD.

Acharya Shriman Narayan Agarwal is one of those youngmen who have sacrificed a prosperous, perhaps even brilliant career for the service of the Motherland. Moreover, he happens to be in full sympathy with the way of life for which I stand. This brochure is an attempt to interpret it in terms of modern political science. Acharya Agarwal seems to have made an earnest study of modern literature on the subject. I am sorry to have to say that I have not gone through the treatise with the attention it deserves. Nevertheless I have read enough of it to be able to say that he has not misrepresented me in any place. There is no pretence at an exhaustive presentation of the implications of the Charkha economics. It claims to be a comparative study of the Charkha economics based on non-violence and the industrial economics which to be paying must be based on violence, i.e., exploitation of the non-industrialised countries. Let me not anticipate the author's argument. I commend the treatise to the careful attention of every student of the present deplorable condition of the country.

SEVAGRAM,
16-10-'44

M K Gandhi

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PART ONE

I

INTRODUCTORY

With the end of *laissez-faire,* economic planning has assumed special significance in all countries. Before the Great War, planning touched national life only at a few points like labour welfare, housing and unemployment. But in the post-war period, Planned Economy has become much more comprehensive, embracing almost all the aspects of national life. The Five-year Plan of Soviet Russia was the first in the field and it set the fashion for planning throughout the world. President Roosevelt inaugurated his New Deal in America with a view to tiding over the Great Depression. Hitler launched his Four-year Plan mainly to prepare Germany for the present world war. England was rather late in the field and remained satisfied with piecemeal and haphazard planning. The recent Beveridge Plan of Social Security is, however, a systematic attempt in this direction.

In India, Sir M. Visvesvaraya was, perhaps, the first to address himself to the task of economic planning on Western lines. It was, however, the National Planning Committee appointed by the Indian National Congress which attempted to prepare the detailed blue-print of a systematic and comprehensive plan for the economic development of India. Unfortunately, its work was interrupted by circumstances which are only too well-known to all of us. To divert public attention from the present atmosphere of deep bitterness and frustration, the Government of India have set up Post-war Reconstruction Committees to plan for India's future. But the less said about such Government committees the better. Moreover, I am con-

vinced that Delhi is hastily planning for Britain and not for India. The recent India Debate in the House of Commons leaves no room for doubt in the general belief that such economic plans drawn up by the Government of India are only meant to by-pass and side-track the fundamental issue of Indian independence. At a time when the nationalist voice of India is hushed and strangled, the eight distinguished Industrialists have, undoubtedly, rendered a positive service to the country by presenting a Fifteen-year Plan of economic development, popularly known as the Bombay Plan. We cannot question the sincerity and patriotism of these able and eminent businessmen. Nevertheless, we cannot shut our eyes to the fact that it is essentially a Capitalist Plan on Western lines. M. N. Roy has also published a Peoples' Plan which contemplates a total expenditure of fifteen thousand crores of rupees in 10 years.

But I feel that these plans have not taken into account the special cultural and sociological foundations on which our economic planning in India must be based. Merely copying Western plans, whether of the capitalist or the socialist type, will not do. We must evolve an indigenous plan with its roots firm in the Indian soil. Well-organized and powerful Village Communities have been the distinguishing feature of India from times immemorial. The socio-economic culture which these communities developed in this country has perhaps been unique in world history. It was based on cottage industrialism which embodied the spirit of humanism, equality, justice, peace and co-operation. It is essential, therefore, that India should produce an economic plan of its own which, instead of merely imitating the West, might give a lead to other countries as well and thus, ultimately, help the world to reconstruct a new Order. Mahatma Gandhi has been emphasizing these very ideals of ancient Indian economy for the last two decades and even distinguished Western thinkers are now lending support to his economic ideas. As I have had the opportunity of not only studying Gandhiji's writings but also of personally discussing with him various economic problems of India, I make bold to place Mahatmaji's ideas before the public in a systematic manner

adducing the testimony of renowned economists and sociologists of the West. Gandhiji has written profusely on Indian economic problems. But he is not an economist of the orthodox type using time-worn and stereotyped words and phrases. His ideas are often instinct with deep emotion and sentiment which are supposed to be out of place in cold economic reasoning. Yet we can easily catch in his writings the glimpses of an economic order which is based on ancient Indian traditions and which, if worked out in details, may give to the war-torn world a really sound plan of peace, security and progress rather than of war, exploitation and annihilation.

We should not, however, forget even for a moment that without political freedom all Plans are bound to be futile. Independent India must be the first postulate of any scheme of economic reconstruction. This brochure is only an humble attempt to present Gandhiji's economic ideas in a scientific manner in order to evoke honest and constructive thought on these problems at a time when other schemes of post-war reconstruction are being seriously studied, discussed and formulated. If I succeed in providing some new food for thought and study to those who have the welfare of India at heart, my labour in preparing this brochure will have been amply rewarded.

II

PRINCIPLES OF PLANNING

Deluged with numerous Plans, Deals and Reconstruction Schemes, we are not to forget the fundamental idea that Planning is only a means to an end and not an end in itself. Like advertised medicines, each Plan professes to be the best, and the popular imagination has a tendency of investing such Plans with a miraculous potency capable of curing all our economic ills. Of course, Planning is not at all a bad thing ; on the other hand, it implies vision and wisdom. But when complicated and imposing Plans are employed as cloaks to hide subtle and ugly forms of exploitation, we cannot but view them with doubt and caution.

Thus, Planning as such will not solve our thorny problems and make for a better world. It all depends on the end which a Plan professes to achieve. As in Soviet Russia, Planning may attain considerable success in raising the standard of living of the people, though at the cost of individual freedom. As in Nazi Germany, Planning might improve the conditions of employment through ruthless regimentation of the masses for the speedy erection of a huge war economy. America's New Deal may merely serve as an experiment in weathering a passing storm or as a palliative to soothe temporary disorder in national economic life. The Beveridge Plan may succeed in providing better social security for the English people by exploiting the colonies and dependencies to a greater extent. Planning is like a huge machine ; it may be used for good or for ill. It is, therefore, the purpose, the aim and the spirit of Planning which is of the essence.

What, then, should be the chief objective of economic Planning ? It is not enough to say that our aim is "to raise the standard of living," or "to create greater prosperity." The objective of the Bombay Plan is "to bring about a doubling of the present *per capita* income within a period of fifteen years." But merely the doubling of average income, even if it is possible to do so in terms of the masses under the present dispensation, is not a sufficiently desirable end in itself. Economic values can no longer be divorced from human and cultural values of life, for a man does not live by bread alone. The Congress National Planning Committee is also of the opinion that Planning must include "cultural and spiritual values and the human side of life."

In the West, where it is now not possible to raise the standard of living still further, the aim of Planning is said to be "full employment." That, again, involves a vicious circle because employment cannot be the end of Planning when it in itself is only a means to an end. We are also told that Planning should aim at increased productivity by exploiting to the fullest extent the natural resources and man-power of a country. But the nemesis of productivity and industrialisa-

tion—the curse of poverty in the midst of plenty is too patent to need an elucidation at my hands.

To what end then, shall our Planning be ? Prof. Cole wants us " to resort to a form of planned economy which will take as the guiding principles of its activity the full utilisation of the available productive resources and the planned distribution of incomes so as to promote the standards of consumption most consistent with common welfare."* Prof. Aldous Huxley's criterion of good Planning is " whether it will help to transform the society to which it is applied into a just, peaceful, moral and intellectual progressive community of non-attached and responsible men and women."† According to the Peoples' Plan, " the object of planned economy must be to provide for the satisfaction of the immediate and the basic needs of the people." But, in this connection, I cannot think of anything better than the Three Peoples' Principles of Dr. Sun Yat-sen —nationalism, democracy and livelihood. Our Planning should be based on the indigenous culture and civilization of the nation and should be in the nature of an organic growth ; it should also promote the welfare and happiness of the whole nation, and not merely of a small selected class or group. This, to my mind, should be the first principle of any Plan of economic development. Secondly, our Planning should not result in excessive regimentation of the masses by divesting them of their legitimate liberty in social, economic and political life. We must plan for democracy and not for totalitarian control. By imposing a rigid and elaborate plan on a nation, we may succeed in raising its standard of life. But, of what avail shall such material prosperity be, if the people lose their soul —their spirit of freedom and self-government ? Economic Planning, therefore, should necessitate the least amount of State control and coercion. That Government is best which governs the least. I go a step further. Planning should not only preserve democracy but also promote and enrich it by making it more real and enduring. Further, we should be on our guard not only to preserve and enrich democracy in our own country but should also be cautious not to despoil other

* *Principles of Economic Planning*, p. 406.

† *Ends and Means*, p. 32.

undeveloped countries of their democracy and freedom. As Prof. Robbins points out in his *Economic Planning and International Order,* "this international outlook must not be abandoned on account of over-enthusiasm for one's own nation, for the loss of democracy abroad inevitably tends to rob democracy at home."

We should remember that political democracy is impossible without economic equality. "Political equality," says Prof. Laski, "is never real unless it is accompanied by virtual economic equality." "Political power, otherwise, is bound to be the hand-maid of economic power."* That is why capitalism and democracy are incompatible as there exists a gaping gulf between the 'haves' and the 'have-nots' in a capitalist society. Consequently, a sound system of national economy should not admit of great disparity between the incomes of different individuals; otherwise, democracy will sooner or later yield place to plutocracy and even oligarchy.

The third principle of Planning should be that every citizen of a nation is entitled to earn his or her livelihood by just and honourable means. Each citizen has an inalienable right to work and to reap a decent harvest of his honest labour. We should not confuse livelihood with 'doles' and 'unemployment insurance.' They are, indeed, very different things, because the former means work and life and the latter is 'rotting and death.' The problem of unemployment and, therefore, of livelihood, can be satisfactorily solved only when we realize that the attainment of increased productivity with the help of efficient and labour-saving machines is not and should not be our goal. We can no longer afford to neglect the *human* aspect of our economic life. Man is much more valuable and important than machines or material goods. Productivity and national wealth are to be increased for man and not at the cost of man. This, to me, is the correct interpretation of Dr. Sun Yat-sen's 'Three Peoples' Principles.' Curiously enough, another great Asiatic leader, Mahatma Gandhi, has emphasized the same principles, though in different words. In the following chapter I shall briefly examine the various Plans of the capitalist and

* *Grammar of Politics*, p. 162.

the socialist type and see how far they fulfil the above-mentioned essential principles of Planning.

III

WHY A GANDHIAN PLAN?

During the last few decades, there has been tremendous advance in productive power, not only in the domain of industry but in agriculture as well. This improvement in productive power has everywhere outrun the growth of population. Obviously, such progress in productive capacity ought to make the world richer, healthier and happier, and the problem of poverty should be automatically solved. Instead of all that, what do we find? The world witnessed an unprecedented economic depression which shocked it to the marrow of its bones. There were large stocks of foodstuffs and raw materials for which no buyers could be found at a remunerative price. Millions of men and women could find no work because those who controlled the factories could find no means of selling their goods at a profit. The world stands aghast at its own productive power and the more this power increases, the less is the world able to make use of it. Prof. Cole rightly asks:

> "Of what use is it that scientists should devise means of making human labour more productive, if the result is to be that the increase of productive power becomes a positive cause of unemployment and distress? Of what use is it to devise means for the lightening of labour, if these means will only throw more and more people out of work and income? And what are we to say of a world in which a farmer, when he sows his crop, has to pray for a bad harvest in order to rescue him from financial difficulties? We live in an odd world and no mistake."*

Our physical power to produce goods has outrun our ability to provide for their consumption, and the result is seen in wide-spread unemployment, suffering and bodily and mental deterioration of the people. "We are faced, indeed, with the spectacle of industry, through sheer progressive efficiency, pro-

* *The Intelligent Man's Guide through World Chaos,* p. 65.

ducing more and more and killing the demand for its product as it does so."* It is ludicrous that man should starve in the midst of potential and even of actual abundance, and there should be sordid poverty in the midst of untold plenty. Wrote Crabbe :—

" When plenty smiles—alas ! she smiles for few,
And those, who taste not, yet behold her store,
Are as the slaves that dig the ore,
The wealth around them makes them doubly poor."

It is, of course, abundantly clear that the cause of our troubles is not the abundance of production, but the organization of our economic system, and the ideals for which it stands. Capitalism has not only brought in its train exploitation and unemployment, but has also reduced man to cannon-fodder and cogwheel. Slowly though surely, it has liquidated democracy by reducing it to a mockery. It has thrown humanity out of gear, and Gold the Tyrant strides the world like Colossus. Vain and disgraceful attempts are made to drape capitalism in the garb of freedom, justice and democracy, but everybody now knows that the velvet glove conceals the iron fist. For, if the supremacy of capitalism is challenged and threatened, it raises its ugly head with savage might and dictatorial insolence in the form of Fascism or Nazism. Prof. Laski in his *Where Do We Go from Here,* has traced the recent political history of the West and has conclusively proved that democracy is an impossibility in the capitalist countries. Where opposition is not powerful, capitalism can afford to keep up appearances and maintain parliamentary forms of administration. But in the face of danger and insecurity, it does not hesitate to employ draconian violence and totalitarian control.

Lord Keynes, in his *The End of Laissez-faire,* defines the principle of capitalism as " the dependence upon an intense appeal to the money-making and money-loving instincts of individuals as the main motive of the economic machine." This inordinate greed for money has created the intricate chain of

* *Work, Wealth and Happiness of Mankind,* by H. G. Wells, p. 523.

exploitation, colonisation and imperialism which inevitably lead to sanguinary wars and wholesale human slaughter. "Capitalism," says Bernard Shaw, "has no conscience and no country." Its ambition is profit ; its God is Gold. This is what we call 'Economism' instead of humanism. As the American Vice-President, Mr. Wallace, warns us, "the business-bosses are apt to put Wall Street first and the nation second." Prof. Soddy calls money "the Achilles heel of civilization." "To regard money as made for man rather than man as made for money, would, to the money expert today, be as great a heresy as it was at one time to believe and teach that earth went round the sun and not the sun round the earth."* We live, therefore, in a money-mad world, where the capitalists are the supreme rulers. As Chakotin would put it, the frantic and incessant race for profit and money has resulted in a calamitous 'rape of the masses.' But capitalism carries within itself the germs of its own destruction, because limitless greed, sooner or later, recoils on itself and spells ruin and disaster. If we sow a wind, we are sure to reap a whirl-wind. As the famous Communist Manifesto put it, "modern bourgeois society with its relation of production, of exchange and of prosperity, a society that has conjured up such gigantic means of production and exchange, is like the sorcerer who is no longer able to control the powers of the nether world whom he has called up by his spells." What, then, is the remedy ? How to solve this curious paradox of poverty amid plenty, of abundant production and wanton destruction ? We cannot afford to be idle and complacent, leaving things as they are in the fond expectation that time itself is the best healer. "It is like sitting idly in a carriage when the horse is running away. You can excuse it by saying 'what else can I do ?', but your impotence will not avert a smash."†

THE FASCIST PLAN

Three distinct types of plans have so far been tried in different countries of the world. The first is the Fascist or

* *Money Versus Man*, p. 108.

† *The Intelligent Woman's Guide to Socialism and Capitalism*, by Bernard Shaw, p. 40.

the Nazi Plan, but in this case the remedy is undeniably worse than the disease. The German Four-year Plan of economic self-sufficiency proclaimed by Hitler himself in September 1936, has, undoubtedly, reduced unemployment by measures of armament and national economic equipment for self-sufficiency. But fuller employment did not lead to a higher standard of living ; instead, the nation was armed to the teeth and the German people were taught to prefer 'guns' to 'butter.' The Nazi economy proved to be essentially a war economy. It was highly explosive and it did explode and shook the whole world to its very foundations. Although attempts were made to appease and placate the labour class in the name of a 'Corporate State,' Big Business continued to pay the piper and call the tune. In fact, Fascism itself was born out of decadent and hence aggressive capitalism, and its essential function was to buttress the tottering fortress of greed and exploitation. In the Fascist Plan, the individual has been ruthlessly subordinated to the totalitarian control of the State. "We are living through the most dangerous idolatry of all ages, the deification of the State."* Democracy, which is fundamentally based on respect for human personality has been sedulously suppressed to yield place to all-powerful dictatorship. "Man is the measure of all things," said the Greek thinker Protogoras. But, instead of man, the State has now been made the measuring-rod of all our principles. The Athenian ideal was totalitarian man ; but the Fascist economy follows the Spartan principle of Totalitarian State.

AMERICA'S 'NEW DEAL'

The second type of economic Planning has been tried in the United States of America. I refer to President Roosevelt's 'New Deal.' In fact, the New Deal has never been a Plan in the proper sense of the word. It has been a series of expedients designed to see capitalism safely through a bad time. It was a determined attempt to reconstruct the capitalist system by removing the more obvious causes of mal-adjustment. President Roosevelt did not intend to establish a new economic

* *The Totalitarian State against Man*, by Count Coudenhove-Kalergi, p. 20.

system in the United States ; he only tried to make the old system work again by drastic overhauling and repair. Public works were started to help the capitalists to improve the level of effective demand by providing additional employment ; hours of work were reduced and wages were raised, tariff walls were re-adjusted, agriculture was helped by public purchase in order to avoid glutting of market, areas under certain crops were reduced to raise the level of farm prices. State loans were advanced to Banks to restore their financial soundness. Open-market operations and inflation were used to regulate the general price level. These measures helped America to tide over the crisis to a great extent. But it was no permanent cure of the inherent disease ; only symptoms were treated as a temporary measure to alleviate the trouble. " The New Deal was not designedly a move towards any sort of even semi-socialism, but rather an attempt to set American capitalism once more firmly on a profit-making basis."*

BRITISH PLANNING

Great Britain, in consonance with her conservative traditions, has been following the policy of 'drift' in the sphere of economic planning as well. It can be said with a very close approximation to truth that upto 1914, she furnished an almost perfect example of a planless economy. This freedom could not, however, survive the experience of war when Government control of trade, industry and agriculture was imperative. After the post-war economic slump, Great Britain had also to resort to certain measures of economic planning. But all the Planning has been done piecemeal, without co-ordination, and, to all appearances, without any clear objective in view. She has done only what she had to do under the stress of circumstances at particular times. The latest attempt in this direction is the well-known Beveridge Plan. Its chief objective is " full employment," and a guarantee for every citizen of a National Minimum in all the contingencies of life by means of Employment Insurance, Disability Benefits, Old Age Pensions, Children's Allowances and Medical Services. It is meant to level down the rich by taxing them and levelling

* *Practical Economics*, by G. D. H. Cole, p. 164.

up the poor by granting them various amenities of life out of the proceeds of such taxation. Disraeli had remarked that England was divided into two nations—the nation of the rich and the nation of the poor. But, as a result of schemes like the Beveridge Plan, the country will now be divided, to borrow Dean Inge's expression, into "two nations of the tax-payers and the tax-eaters."* It is true that unemployment insurance is not so humiliating as 'doles'; but we have to concede that the difference is only of degree and not of kind. This kind of Planning is a round-about process of first allowing the capitalists to exploit the poor and then throwing crumbs of financial help to the exploited by taxing the exploiters. The whole procedure is unnatural, degrading and uneconomic.

THE SOVIET PLAN

The third kind of Planning is that of the Soviet Union. The two Russian Five-year Plans attracted universal attention and admiration because they were founded on principles different from Capitalism. All over the world, the Soviet experiment was hailed as the saviour of exploited humanity. It is also true that the U. S. S. R. did succeed in raising the standard of living of the masses by a thorough and systematic planning. The capitalist class was systematically eliminated and rooted out with an iron hand. There were mass murders, treason-trials and purges, and the Communist Party reigned supreme as the 'dictator of the proletariat.' Individual freedom had to be rigorously curtailed and circumscribed. Yet the Soviet experiment was recognized as a great landmark in the history of economic reconstruction, because it dethroned capitalism from the high pedestal and planned economic life in terms of the masses. Industry, trade and commerce were owned and regulated by the State in the interest of the people. Naturally, therefore, the Russian Revolution filled the poor, exploited and downtrodden nations of the world with hope and admiration.

But the reaction has now set in, and the erstwhile supporters and admirers of the Russian Revolution and the Soviet Socialist Economy are feeling disillusioned. Writers and

* *The Fall of the Idols*, p. 105.

thinkers like Louis Fischer, Max Eastman, Andre Gide and Freda Utley, who had lived in the Soviet Union for years and who interpreted the Russian experiment to the world, are now disappointed by the direction in which the Revolution is progressing. In our own country, enthusiastic socialists like M. R. Masani are now greatly dissatisfied with the fruits of Soviet Planning. Socialist society was, originally, meant to be classless, democratic and international. The 'dictatorship of the proletariat' was supposed to be a passing phase, as the State itself was 'to wither away' after the period of transition. Democracy was to be the key-stone of Soviet organisation and the ultimate aim of the Revolution was international communism. Instead, the society, far from being classless, is dominated by a new and powerful section—the Managerial class.* Moreover, inequalities of incomes are also daily increasing, the difference being as much as 80 : 1. The Government shows not the least tendency to relax its complete stranglehold of individual liberty of any kind, and the complete regimentation of the people has been the culmination of the dictatorship of the proletariat. "That dictatorship is no longer even of the Communist Party, but that of one leader functioning through a ruthless and merciless Secret Police, the G. P. U., on which Hitler has modelled his Gestapo."† The U. S. S. R. has now openly shed the last vestiges of internationalism by liquidating the Communist International and the *Internationale* as its anthem. With a return to nationalism, it is almost impossible to resist the natural consequence — a return to imperialism, even though it be of the 'socialist' brand. And with the progress of the present war, there are now sufficient facts to indicate that Russia is fast developing into a huge and haughty 'Socialist' Empire, or, to use a milder and sweeter word, 'Socialist Commonwealth.'

The pivotal cause of this transformation is not far to seek. With centralized control and large-scale planning, individual liberty is bound to be crushed and liquidated, and the ensuing political power is sure to corrupt the rulers, however great and

* See Burnham's *Managerial Revolution.*

† *Socialism Re-considered,* by M. R. Masani, p. 20.

noble-minded they may be. Prof. Joad in his *Guide to the Philosophy of Morals and Politics* observes :

> "The study of history suggests that dictatorships from their very nature become, as they grow older, not less, but more extreme ; not less but more sensitive to and impatient of criticism. Developments in the contemporary world support this view. Yet the theory of communism postulates precisely the reverse of what history teaches, and maintains that at a given moment a dictatorial Government will be willing to reverse the engines, to relinquish power, and, having denied liberty, to concede it. Neither history nor psychology affords any warrant for this conclusion."

It is true that in Soviet Russia, the State owns the factors of production. But the point of fundamental importance is : who owns the State ? Totalitarian control of political and economic affairs has concentrated power automatically in the hands of the supreme dictator Stalin and his managerial bureaucracy. Dr. Gyanchand observes in his Introduction to *Industrial Problems of India* :

> "The dangers of economic and political despotism inherent in a system of centralized control of the entire system of production have to be admitted. It is bad enough to have to be subservient to an employer for one's living, but subservience imposed by the State which controls every avenue of employment is infinitely worse."

Prof. Ginsberg, in his *Psychology of Society* remarks :

> "Any centralized form of Government is bound to be oligarchical in tendency. We are told that the State will 'wither away' . . . But in that case there is certain to arise a new dominant minority . . . Any policy of reconstruction that is to be of real value must aim at decentralisation."

Judged by the Three Peoples' Principles of nationalism, democracy and livelihood, all the three types of Plans—Nazi, American and Russian—fall short of our ideal. The last one

satisfies to a great extent at least the last principle of livelihood. But mere livelihood is not enough ; there must be freedom and scope for the development of the individual.

THE GANDHIAN PLAN

What, then, is the alternative ? The solution lies in simplicity, decentralisation and cottage industrialism. And it is from this point of view that Gandhian economic ideas have assumed unusual significance at a time when other economic theories have led us to a blind alley. There was a time when Gandhiji's economics was scoffed at as chimerical, faddy and unpractical. But subsequent experience, not only in this country but all over the world, has compelled careful study of the economic implications and potentialities of decentralised cottage industrialism. Even prominent British economists like Prof. Cole are forced to concede that "Gandhi's campaign for the development of the home-made cloth-industry—Khaddar—is no mere fad of a romantic eager to revive the past, but a practical attempt to relieve the poverty and uplift the standard of the Indian villager."* A Gandhian Plan, therefore, is a practical and imperative need of the moment because it presents to the perplexed and war-torn world an economic system based on peace, democracy and human values.

IV

THE FUNDAMENTALS OF GANDHIAN ECONOMICS

Before drawing an outline of the Gandhian Plan of economic development for India, it will be useful to analyse and understand the various fundamental principles underlying Gandhiji's economic thought. Without comprehending these basic ideas, it may be impossible to grasp the real significance of his emphasis on village industries and decentralised production.

SIMPLICITY

Gandhiji is not medieval and anti-diluvian in his outlook ; he is not putting the hands of the clock back. A practical

* *A Guide to Modern Politics* by G. D. H. Cole, p. 290.

idealist as he is, Gandhiji has been able to diagnose the real and deep malady of modern civilisation, and by pointing out the remedy of that disease, he is not behind but ahead of our times. The present Western civilisation attaches greatest importance to material welfare and maintains that the goal of a progressive individual or nation should be the ever-increasing accumulation of physical comforts and luxuries. (As Gandhiji points out in *Hind Swaraj*, "The true test of modern civilisation lies in the fact that people living in it, make bodily welfare the object of life.")

But this has not been the Indian ideal. "We notice," says Gandhiji, "that the mind is a restless bird; the more it gets the more it wants, and still remains unsatisfied." "The more we indulge our passions, the more unbridled they become. Our ancestors, therefore, set a limit to our indulgences. They saw that happiness was largely a mental condition. A man is not necessarily happy because he is rich, or unhappy because he is poor. The rich are often seen to be unhappy, the poor to be happy . . . Observing all this our ancestors dissuaded us from luxuries and pleasures . . . It was not that we did not know how to invent machinery, but our forefathers knew that if we set our minds after such needs, we would become slaves and lose our moral fibre. They, therefore, after due deliberation, decided that we should only do what we could with our hands and feet. They saw that our real happiness and health consisted in a proper use of our hands and feet."* "I do not believe," observes Gandhiji, "that multiplication of wants, and machinery contributed to supply them is taking the world a single step nearer its goal." "I wholeheartedly detest this mad desire to destroy distance and time, to increase animal appetites and go to the ends of the earth in search of their satisfaction."† As Theotocopulas cries out in Wells's *Things To Come*:

> "What is all this progress? What is the good of all this progress? Onward and onward! We demand a halt, we demand rest. The object of life is happy living!"

* *Hind Swaraj*, pp 87-88.

† *Young India*, 17-3-1927.

Thus idea of Gandhiji may appear to be ascetic and philosophical to those who are intoxicated with the 'abundance' of modern civilisation. But the truth of the matter is that Gandhiji has gone to the very roots of the present economic chaos and political conflict and laid his finger on the basic cause of all our ills. "Socialism and Communism," observes a distinguished English writer, "belong to the same circle of ideas as acquisitive capitalism." Both regard the possession of money and the things which money can buy as the supreme good. That is why Bertrand Russell is constrained to remark that, "if Socialism ever comes it is only likely to prove beneficent if non-economic goods are valued and consciously pursued."*

Modern civilisation, like the Greek youth, Narcissus, seems to have fallen in love with itself—its own splendour of wealth and abundance—and, therefore, bids fair to pine away and die. The mad race after money and material goods has thrown the world into the whirlpool of callous exploitation, sturdy imperialism, and bloody carnage. If we do not examine and readily alter our ideals and attitude towards life, no amount of clever planning and expert devices of economists shall be able to save the world from final annihilation. The world is, indeed, too much with us and all our energies are being wasted on the amassing of wealth, which has become the be-all and end-all of our existence. Money, which began simply as a convenient medium of exchange, has now itself become the most coveted commodity, and the world groans under its tyrannical reign. We are all familiar with the significant story of King Midas who was mad after gold. We must needs learn a timely lesson from the story, because if we persist in this craze, we, like Midas, will convert all human values into gold, and, perhaps, end by ourselves becoming lifeless though golden statues. Cash-nexus should not be the only point which holds society together, and the best things in human life are not those in which one man's gain is another man's loss. The real wealth of a nation consists in its honest, cultured and unselfish men and women, and not in its palatial buildings, huge factories

* *Roads to Freedom*

and multitudinous luxuries. We might as well remember the memorable lines of Burns :

'The honest man, though eve' so poor,
Is King o' men for a' that.'

"Of what avail is it to add and add and add ?" asks Tagore. "By going on increasing the volume or pitch of sound we can get nothing but a shriek. We can get music only by restraining the sound and giving it the melody of the rhythm of perfection."* Even Kautilya, the distinguished Indian thinker of the fourth century B. C., who is renowned for his robust and practical commonsense, wrote in his *Arthashastra* :

> "For the aim of all sciences is nothing but restraint of the organs of sense. Whosoever is of reverse character, whoever has not his organs of sense under his control, will soon perish, though possessed of the whole earth bounded by the four quarters."

To an Oriental mind, these ideas are as real as one's own hands and feet ; he imbibes them with his mother's milk. But to the Occidental mind, these notions of 'simple living and high thinking' are Utopian and visionary based on vacant sentimentalism. Since the modern science of economics is founded exclusively on Western ideals, the oriental thought has not yet been able to influence its theories and principles. But the East had and has even now its own economics which is as scientific, if not more, as the Western economics. Gandhiji, therefore, experiences no hesitation or diffidence in giving emphatic expression to his own basic economic concepts which are typically Indian. Simplicity, thus, is the first fundamental principle of Gandhism. Gandhiji does not identify progress with increased complexity ; to him a progressive economic system should lead to greater simplicity, though fuller life.

To Gandhiji, industrialism connotes the ceaseless pursuit of material wealth which inevitably undermines character and human values. Hence his uncompromising and unbending opposition to its introduction in India :

* *Thoughts from Tagore.*

"My views on national planning differ from the prevailing ones. I do not want it along industrial lines. I want to prevent our villages from catching the infection of industrialism."*

Apart from the moral and psychological values of simplicity in life, Gandhiji discourages, to use Plato's phrase, 'reckless pursuit of wealth' by means of industrialism because without maximum self-dependence through manual labour, we are liable to get intricately involved in the chain of economic serfdom. He, therefore, abhors all kinds of centralisation so far as the necessaries and minimum comforts of our daily life are concerned, and insists on the desirability of everyone becoming self-sufficient as far as possible through his or her manual labour. Gandhiji contends that the aim of all our activities should be the development and unfoldment of human personality in an atmosphere of freedom. Hence, the need for decentralisation and localisation of industries. Large-scale production will, undoubtedly, provide us with more comforts and luxuries. But we will find our life determined at every step, and like the Savage in Aldous Huxley's *The Brave New World*, we are bound to be miserable and helpless, having lost our 'freedom to be free.' Real democracy will be conspicuous by its absence. "For depend upon it, democracy can only survive—in fact, it can only be born—if the 'population' which rules is composed of individuals who are each ruling his or her own life."†

NON-VIOLENCE

The second basic principle of Gandhian economic thought is non-violence. Gandhiji holds that violence, in any shape or form, cannot lead to any kind of lasting peace and socio-economic reconstruction. True democracy and real growth of human personality are conceivable only in a non-violent society. Violence breeds greater violence and whatever is gained by force needs to be preserved by greater force. Violence is inconsistent with true freedom, and liberty gained through it is tainted

* *Harijan*, 29-9-1940.

† *The Modern State*, p. 161.

with human blood. 'For all they that take the sword shall perish with the sword.' Gandhiji will, therefore, have nothing to do with violence because in a planned society Planning is only a means and not an end in itself. Even if it were the End, he does not subscribe to the theory that the End justifies the Means. In order to conserve the purity of the End, the Means employed towards its attainment must be equally pure. That is why Gandhiji maintains that even a Socialist society should be established through non-violence, and not through a bloody revolution.

I submit that this idea of non-violence is no religious sentimentalism ; nor is Gandhiji alone in stressing its need and importance. (Prof. Laski, after closely analysing the trend of social and political development, has frankly recognized the futility of active hatred and violence, and advocates a 'revolution by consent' :

> "For hate is of all qualities the most Cancer-like to its possesser. It leads us to develop in ourselves the character we condemn in others . . . Might in the modern world needs to be clothed with right if it is to be sure that it will achieve permanence. The spiritual life of Europe belongs not to Caesar and Napoleon but to Christ ; the civilisation of the East has been more influenced by Buddha than by Ghengis Khan or Akbar. It is that truth we have to learn, if we are to survive. We overcome hate by love, and evil by good ; baseness begets only a progeny like to itself."*

In his *Strategy of Freedom*, Prof. Laski observes :

> "We believe that solutions made by democratic consent prove, in the end, to be more lasting than those imposed by the coercion of violence."

Surely Harold Laski cannot be dismissed as a sentimental thinker.)

The last World War was fought to make the world safe for democracy and to establish lasting peace. But the violent suppression of Germany gave birth to Hitler and if Hitler

* *Grammar of Politics*, p. 239.

is overwhelmed by force, a super-Hitler is sure to be born in the wake of violent peace. It is no use remarking that violence has been the way of the world and it cannot be changed by Buddhas and Gandhis. The biological theory of human society has long since been exploded and to say still that the world must continue to be 'red in tooth and claw,' is vain intellectualism. True peace, happiness and equality cannot be achieved by traversing the beaten track of blood and force; it is sure to lead us into the deep abyss of death and destruction. The trend of world events bears ample testimony to this view. Even the Atlantic Charter is forced to concede that "all the nations of the world, for realistic as well as spiritual reasons, must come to the abandonment of the use of force." To me, therefore, Gandhian non-violence is not a 'futile sentiment' but the frank recognition of stark realities and a way out of the present slough of Despondency.

Gandhiji's economics may also be called Non-Violent Economics, because it is the creed of non-violence which colours his economic ideas all along the line. The basis of Capitalism is the exploitation of the 'surplus value' of human labour, which is sordid violence. Machine is the hand-maid of Capitalism; it ousts human labour and concentrates wealth and power in the hands of a few. Wealth is, thus, accumulated by violence and requires to be preserved by violence. Gandhiji, therefore, wants to have no truck with lop-sided mechanisation and large-scale production, which to him, are the roots of the present world catastrophe. Says Gandhiji:

> "I suggest that if India is to evolve along non-violent lines, it will have to decentralise many things. Centralisation cannot be sustained and defended without adequate force. Simple homes from which there is nothing to take away require no policing; the palaces of the rich must have strong guards to protect them against dacoits. So must huge factories. Rurally organised India will run less risk of foreign invasion than urbanised India well-equipped with Military, Naval and Air Forces."*

"India's destiny," says Gandhiji, "lies not along the bloody way of the West, of which she shows signs of tired-

* *Harijan*, 30-12-1934.

ness, but along the bloodless way of peace that comes from a simple and godly life."*

Gandhiji discountenances the use of force and coercion even for bringing about 'economic equality' in the present society :

> "A non-violent system of Government is clearly an impossibility so long as the wide gulf between the rich and the hungry millions persists. The contrast between the palaces of New Delhi and the miserable hovels of the poor labouring class cannot last one day in a free India in which the poor will enjoy the same power as the richest in the land. A violent and bloody revolution is a certainty one day unless there is a voluntary abdication of riches and the power that riches give, and sharing them for the common good. I adhere to my doctrine of trusteeship in spite of the ridicule that has been poured upon it. It is true that it is difficult to reach. So is non-violence difficult to attain . . . I think we know the violent way. It has not succeeded anywhere. Some claim that it has in Russia in a large measure. I doubt it. It is too early to make an unchallengeable claim . . . The non-violent experiment of ours is still in the making. We have nothing much yet to give by way of demonstration but my observation leads me to think that the method has begun to work ever so slowly in the direction of equality. And since non-violence is a process of conversion, the conversion, if achieved, must be permanent. A society or a nation constructed non-violently must be able to withstand attack upon its structure from without or within."†

Prof. Huxley also believes that "no economic reform, however intrinsically desirable, can lead to desirable changes in individuals and the society they constitute, unless it is carried through in a desirable context and by desirable methods." "So far as the state is concerned, the desirable context for reform is decentralisation and self-government all-round. The desirable methods for enacting reform are the methods of non-violence." Like Gandhiji, Prof. Huxley is opposed to the violent Socialism of Russia :

* *Young India*, 7-10-1926.

† *Constructive Programme*, pp. 18-19.

"Ruthlessness begets resentment; resentment must be kept down by force. As usual, the chief result of violence is the necessity to use more violence. Such, then, is Soviet Planning—well-intentioned, making use of every means that are producing results utterly unlike those which the original makers of the Revolution intended to produce."*

In the non-violent society of Gandhiji's conception, therefore, there will be no room for exploitation, because production will be for immediate use, and not for distant profitable markets. Each village or a group of villages will be almost self-governing and self-sufficient, and there will be no need for rigid centralised Planning. Only, then, shall people be able to enjoy true democracy and freedom. These non-violent Village Republics will, of course, have 'narrower' frontiers; but, apart from their economic self-sufficiency, their general outlook need not and will not be narrow. Localisation of economy is not incompatible with wider nationalism and still wider internationalism in the sphere of thought and culture.

SANCTITY OF LABOUR

The third important principle underlying the Gandhian economic civilisation is the dignity and sanctity of manual labour. To Gandhiji, labour is the law of nature and its violation is the pivotal cause of our present economic muddle:

"It is a tragedy of the first magnitude that millions have ceased to use their hands as hands. Nature is revenging herself upon us with terrible effect for this criminal waste of the gift she has bestowed upon us as human beings."†

Again:

"We are destroying the matchless living machines, *i.e.*, our own bodies, by leaving them to rust and trying to substitute lifeless machinery for them."‡

* *Ends and Means*, p. 70.

† *Young India*, 17-2-1927.

‡ *Young India*, 8-1-1925.

("He that will not work," said St. Paul, "neither shall he eat," and he glorified himself in that he had laboured with his hands and had not been chargeable to any man. In the *Gita*, we are told that "if one eats fruits of the earth, rendering to kindly Heaven no gift of toil, that thief steals from his world." To Gandhiji as well, 'work is worship' and 'an idle mind is a devil's workshop.')

(He holds that intelligent manual labour is essential for the proper development of the mind; hand-culture is indispensable for mind-culture. This fact is amply borne out by modern psychology. The scheme of Basic Education, popularly known as the Wardha Scheme, which was adumbrated by Gandhiji, is based on the same psychological principle of 'learning through doing.' Prof. Dewey of America has laid stress on this very principle in education:

> "Education through occupations combines within itself more of the factors conducive to learning than any other method. It calls instincts and habits into play; it is a foe to passive receptivity."

Tolstoy learned through experience that "physical labour, far from rendering mental work impossible, not only increases its merit but improves it and aids it."* He, therefore, began to recognize toil to be not a curse but the joyful business of life, as it had the power to make man healthier, merrier, fitter and kindlier. Physical labour, to him, was man's dignity, his sacred duty and obligation. Gandhiji also has firm and unwavering faith in this dignity of labour. As Samuel Smiles would put it, 'labour may be a burden and a chastisement but it is also an honour and a glory.' Prince Kropotkin in his *Anarchist Communism*, observed: "With us, work is a hobby, and idleness an artificial growth.")

THE LURE OF LEISURE

(Gandhiji, therefore, regards the cry for more leisure as dangerous and unnatural:

* *What, then, Must We Do?*, p. 340.

"Leisure is good and necessary up to a point only. God created man to eat his bread in the sweat of his brow, and I dread the prospect of our being able to produce all that we want, including our foodstuffs, out of a conjurer's hat."*

Again :

"Supposing a few millionaires from America came and offered to send us all our foodstuffs and implored us not to work but to permit them to give vent to their philanthropy, I should refuse point-blank to accept their kind offer . . . specially because it strikes at the root of the fundamental law of our being."†

Bernard Shaw has to make some interesting remarks on this problem of leisure in his *Intelligent Woman's Guide to Socialism and Capitalism* :

"Those who try to make life one long holiday find that they need a holiday from that too. Idling is so unnatural and boresome that the world of the idle rich, as they are called. is a world of ceaseless activities of the most fatiguing kind."

As a Poet remarked :

"His only labour is to kill time,
And labour dire it is, and weary woe."

Shaw also points out how the rich who have ample leisure, instead of doing nothing, are always 'doing something to keep themselves fit for doing nothing.' In his own Shavian style, he tells us that 'the best definition of Hell is perpetual holiday.'

In fact, it is not labour as such which is detested, but the particular kind of soulless, monotonous and strenuous work which the modern labourer has to undergo in huge factories. There is no joy in modern labour ; hence this clamour for leisure. To Gandhiji, 'the lure of leisure' is a dangerous moral trap, for the problem of rightly utilising leisure will be

* *Harijan*, 16-5-1936.
† *Harijan*, 7-12-1935.

even more difficult than the problem of finding leisure, and want of sufficient work will generally lead to physical, intellectual and moral dissipation. He, therefore, recommends healthy and open-air work in rural cottages in place of the suffocating and nerve-racking daily labour in modern cities.

Gandhiji does not underline the necessity and desirability of physical labour only on moral and psychological grounds. He is anxious to strike at the very root of economic exploitation by insisting on everyone becoming as self-sufficient as possible. The present economic disorder is due to the unjust exploitation of the labour of others, with the result that there is, on the one hand, an 'idle rich' class with no physical work at all, and, on the other, the overworked labour-class crying for more leisure. But if we have almost self-sufficient Village Communities in which everyone works for his or her living on a co-operative basis, there will be almost no room for exploitation and the middle-men will be gradually eliminated. Explaining this point of view to Gurudeva Tagore, Gandhiji observed : "'Why should I, who have no need to work for food, spin ?' may be the question asked. Because I am eating what does not belong to me. I am living on the spoliation of my countrymen. Trace the source of every coin that finds its way into your pocket, and you will realise the truth of what I write"!*

It may be replied that in a Socialist society this kind of exploitation is not possible and hence reverting to the primitive economic order is unnecessary. But, as has already been indicated, such Socialist Planning necessitates rigorous centralised control which unfailingly stifles individual freedom and stultifies the natural growth of human personality. Moreover, a Socialist society of the Russian type cannot be established without violence to which Gandhiji does not lend countenance. Consequently, Gandhiji advocates 'production by masses,' as against 'mass production'. "Under my system," says he, "it is labour which is the current coin, not metal." "Any person who can use his labour as that coin is wealthy. He converts it into cloth, he converts his labour into grain. If he wants paraffin oil, which he cannot himself produce, he uses

* *Young India*, 1-10-1921.

his surplus grain for getting the oil. It is exchange of labour on free, fair and equal terms—hence it is no robbery. You may object that it is a reversion to the primitive system of barter. But is not all international trade based on the barter system ?"*

('Bread-labour', therefore, is, to Gandhiji, an article of his faith, and he insists that in an ideal society of his conception everyone must have adequate scope for eight hours' work a day. Eight hours' sleep, eight hours' work and eight hours' leisure for other social and cultural pursuits—this according to him is an ideal distribution of time.)

HUMAN VALUES

The fourth fundamental basis of Gandhian economy is a change in the standard of values. Orthodox economics has been laying undue emphasis on the values of money and material wealth to the exclusion of moral and human values. But we are already witnessing 'the end of the economic man,' and a revolution of economic standards is now a vital necessity. (To Gandhiji, like the great French economist, Sismondi, economics and ethics cannot be divorced ; life must be viewed completely and as a whole :—

> "I must confess that I do not draw a sharp or any distinction between economics and ethics. Economics that hurts the moral well-being of an individual or a nation is immoral and, therefore, sinful. Thus the economics that permits one country to prey upon another is immoral. It is sinful to buy and use articles made by 'sweated labour.' It is sinful to eat American wheat and let my neighbour, the grain-dealer, starve for want of customer. Similarly, it is sinful for me to wear the latest finery of Regent Street when I know that if I had worn the things woven by the neighbouring spinners and weavers, that would have clothed me, and fed and clothed them."†
>
> "The value of an industry should be gauged less by the dividends it pays to sleeping shareholders than by its effects on the bodies, souls and spirits of the people employed in it. Cloth is dear which saves a few annas to the

* *Harijan*, 2-11-1934.

† *Young India*, 13-10-1921.

buyer, while it cheapens the lives of the men, women and children who live in the Bombay Chawls."*

This insistence on human values is the essence of Gandhiji's ideal of Swadeshi. The economic law that man must buy in the best and the cheapest market is, to him, one of the most 'inhuman' among the maxims laid down by modern economists.

Ruskin also criticized this idea very bitterly :

> "So far as I know, there is not in history record of any thing so disgraceful to the human intellect as the modern idea that the commercial text 'buy in the cheapest market and sell in the dearest,' represents, or under any circumstances could represent, an available principle of national economy. Buy in the cheapest market ?—Yes ; but what made your market cheap ? Charcoal may be cheap among your roof timbers after a fire, and bricks may be cheap in your streets after an earthquake ; but fire and earthquake may not, therefore, be national profits. Sell in the dearest ? —Yes, truly ; but what made your market dear ? You sold your bread well to-day : Was it to a dying man who gave his last coin for it and will never need bread more ?"†

In the West, however, money and profit are supposed to be the sole considerations. Hence we have to witness unabashed and callous exploitation, tragic unemployment and 'sweated labour.' As Prof. Kumarappa aptly remarks :

> "The factory workers might be made into minced meat, but the machinery of the meat-packers of Chicago could not be stopped to save the life of a labourer."‡

To Gandhiji 'man is the supreme consideration,' and 'life is more than money.' "It is cheaper to kill our aged parents who can do no work and who are a drag on our slender resources. It is also cheaper to kill our children whom we have

* *Young India*, 6-4-1922.

† *Unto This Last.*

‡ *Why the Village Movement*, p. 10.

to maintain without getting anything in return. But we kill neither our parents nor our children, but consider it a privilege to maintain them, no matter what their maintenance costs us."*

Explaining his ideals of economics, Gandhiji says :

> "Khaddar economics is wholly different from the ordinary. The latter takes no note of the human factor. The former concerns itself with the human."†
>
> "Khadi spirit means fellow-feeling with every human being on earth. It means a complete renunciation of everything that is likely to harm our fellow-creatures."‡
>
> "Khadi represents human values, mill cloth represents mere metallic value."§

It is on these four corner-stones of 'Simplicity, Non-violence, Sanctity of Labour and Human Values,' that Gandhiji builds his ideal economy of decentralised ~~cottage~~ industrialism and self-sufficient Village Communities. In the following chapter, I shall examine in detail the implications and potentialities of decentralisation with special reference to Indian conditions.

V

VILLAGE COMMUNISM

India has been a land of Village Communities or Gram Panchayats from times immemorial. It is claimed that the system was first introduced by King Prithu while colonising the Duab between the Ganges and the Jamuna. There are definite references to the existence of these 'Gram-sanghas' in the Shantiparva of the *Mahabharata* as well as in the *Manusmriti*. Kautilya, who lived in 400 B.C., has also described these Village Communities in his *Arthashastra*. In the Valmiki *Ramayana*, we hear of the Janpada, which was, perhaps a sort of federation of the numerous village-republics. It is also certain that the

* *Harijan*, 10-12-1938
† *Harijan*, 16-7-1931.
‡ *Young India*, 22-9-1927.
§ *Harijan*., 9-2-1934.

system was widely in existence in this country at the time of Greek invasion, and Magesthenes has left vivid impressions of these 'Pentads' as he termed these Panchayats. Chinese travellers Hieun Tsang and Fa Hien, tell us how India at the time of their visits was "very productive," and the people were "flourishing and happy beyond compare." An account of these Panchayats during the middle ages is provided in Shukracharya's *Nitisara.*)

INDIAN VILLAGE COMMUNITIES

The Village Communities which were self-governing little republics all over India flourished under Hindu and Muslim governments and survived the wreck of dynasties and the downfall of Empires. Even the Committee of Secrecy of the East India Company reported in 1812 :

> "Under this simple form of Municipal Governments, the inhabitants of the country have lived from times immemorial . . . The inhabitants give themselves no trouble about the breaking up and division of kingdoms ; while the village remains entire they care not to what power it is transferred or to what sovereign it devolves ; its internal economy remains unchanged."

"One foreign conqueror after another has swept over India," comments Sir Charles Trevellyn, "but the Village Municipalities have stuck to the soil like their own Kusha grass." (In his famous minute of 1830, Sir Charles Metcalfe, the then Acting Governor-General of India, described these Village Communities as little republics having nearly everything within themselves, and almost independent of any foreign relations :)

> "They seem to last where nothing else lasts . . . The Union of the village communities, each one forming a separate little State in itself, has, I conceive, contributed more than any other cause to the preservation of the people of India through all revolutions and changes which they have suffered, and it is in a high degree conducive to their happiness and to the enjoyment of a great portion of freedom and independence. I wish, therefore, that the

village constitutions may never be disturbed and I dread everything that has a tendency to break them up."

But that was not to be. An extreme anxiety to enhance the land-revenue to its utmost limits induced the East India Company to make direct arrangements with every individual cultivator, instead of with the village community as a whole. An equally unreasonable anxiety to centralise all judicial and executive powers in their own hands led the British administrators to virtually set aside the village functionaries, and thus deprive them of their age-long powers. These republics, therefore, gradually fell into decay. As R. C. Dutt remarks in his *Economic History of India*, "one of the saddest results of British Rule in India is the effacement of that system of village self-government which was developed earliest and preserved longest in India among all the countries of the earth."

It is interesting to know that the attention of Karl Marx was also drawn by these Indian Village Republics. In his *Das Capital,* he writes :

> "The small and extremely ancient Indian Communities, which still exist to some extent, are based upon the communal ownership of the land, upon a direct linking up of manual agriculture and handicraft and upon a fixed form of the division of labour which is adopted as a cut-and-dried scheme whenever new communities are founded. They constitute self-sufficient productive entities. the area of land upon which production is carried on ranging from a hundred to several thousand acres. The greater part of the products is produced for the satisfaction of the immediate needs of the community, not as commodities ; and production itself is, therefore, independent of the division of labour which the exchange of commodities has brought about in Indian society as well . . . In different regions of India we find different forms of such communities. In the simplest form, the land is commonly tilled and its produce is divided among the members of the Community, while every family carries on spinning, weaving, etc., as an accessory occupation. The simplicity of the productive organism in these self-sufficient communities . . . unlocks for us the mystery of the unchangeableness of Asiatic society, which contrasts so strongly with the perpetual dis-

solutions and reconstructions of Asiatic States, and with the unceasing changes of dynasties. The structure of the economic elements of the society remains unaffected by the storms in the political weather."

Sir Henry Maine points out in his *Village Communities: in the East and West,* that "Indian village community was a living and not dead institution," and that "the Indian and the ancient European systems of village communities were, in all essential particulars, identical." "It is a very remarkable fact," observes Sir Henry, "that the earliest English emigrants to North America organized themselves at first in village communities for purposes of cultivation.") Prince Kropotkin, in his remarkable book, *Mutual Aid,* has devoted considerable space to the historical study of these communities in the West, specially in Russia, Germany, France and Switzerland. He has pointed out that these self-sufficient organisations did not vanish from the scene as a result of natural evolution, but were studiedly and systematically rooted out by the 'vested interests':

> (" In short, to speak of the natural death of the village communities by virtue of economical laws is as grim a joke as to speak of the natural death of soldiers slaughtered on a battle-field.")

How apt is this observation of Prince Kropotkin in regard to our own country is only too well-known to students of Indian Economic History!

(The Indian villages had evolved a well-balanced social, economic and political system by eschewing the two extremes of *laissez-faire* and totalitarian control. They had developed an ideal form of co-operative agriculture and industry in which there was hardly any scope for spoliation of the poor by the rich. As Gandhiji puts it, "production was almost simultaneous with consumption and distribution," and the vicious circle of 'money-economy' was conspicuous by its absence.) Production was for immediate use and not for distant markets. (The whole social structure was founded on non-violence and

fellow-feeling. That is why Gandhiji has been vehemently advocating the revival of ancient village communities with their prosperous agriculture, artistic and decentralised industries and small-scale co-operative organisation.)

IDEAL DEMOCRACY

From the point of view of political organisation, these Village Republics were an ideal form of democracy. "The only Government which can fully satisfy all the exigencies of the Social State is one in which the whole people participate," wrote John Stuart Mill. This test of true democracy was in a large measure fulfilled in Europe by the Greek City States in which the supreme power for all purposes was vested in the whole body of citizens. "That body," says Lord Bryce, "was at once a Parliament and a Government, and an Executive, Legislature and Judiciary in one." "The small size of a Greek Republic made it easy to bring within the hearing of one voice a majority of all who were entitled to vote in the popular Assembly and enabled everybody to form his opinion on the personal qualities of those who aspired to leadership or to office."* The ancient Indian Gram Panchayats, like the Greek City States, carried on their internal administration with ease and harmony because 'what concerned all was decided by all'; there was almost no scope for injustice and fraud. Democracy in the West has failed mainly because the existence of large constituencies has made it impossible to elect the right sort of representatives, and the intimate contact between the leaders and the masses is lacking. Various solutions which have been suggested for the reform of modern democracy, therefore, emphasize the imperative need for devolution and decentralisation. Syndicalism, Guild Socialism and Anarchism, however much they may differ in other questions, are all at one in laying stress on the importance of organising small local units. Says Prof. Joad :

> "It follows that if men's faith in social action is to be revivified, the State must be cut up and its functions distributed. It must be made possible for the individual

* *Modern Democracies*, p. 187.

to belong to a variety of small bodies possessing executive powers, dealing both with production and with local administration, as a member of which he can once again feel that he counts politically, that his will matters, and that his work is really done for society . . . It would seem, then, that the machinery of Government must be reduced in scale : it must be made manageable by being made local, so that in seeing the concrete results of their political labours before them, men can be brought to realise that where Government is a fact, society is malleable to their wills because society is themselves.''*

Dr. Boodin also considers 'small closely knit republics to be the true moral units of civilisation.'†

EVILS OF MECHANISATION

Apart from the considerations of political democracy, Gandhiji passionately advocates the revivification of Village Communities in India because he detests mechanised large-scale and centralised production which tends to reduce men to mere cog-wheels and drains out their finer human feelings. It may be pointed out that the Mahatma is not alone in denouncing large-scale mechanisation. Even Adam Smith, the father of modern Political Economy, who, otherwise favoured division of labour in modern industries, was forced to concede that a man whose whole life is spent in performing a few simple operations "generally becomes as stupid and ignorant as it is possible for a human creature to become." "The uniformity of his stationary life naturally corrupts the courage of his mind . . . His dexterity at his own particular trade seems in this manner to be acquired at the expense of his intellectual, social and martial virtues."‡ David Ricardo was also convinced that "the substitution of machinery for human labour is often very injurious to the interests of the class of labourers." "This opinion is not founded on prejudice and error, but is conformable to the correct principles of political economy."§ "Owing to the extensive use of machinery and division of labour,"

* *Modern Political Theory*, pp. 120-21.
† *Social Psychology*, by F. H. Allport.
‡ *Wealth of Nations*.
§ *Principles of Political Economy*.

declares Karl Marx, "the work of the proletariats has lost all individual character, and, consequently, all charm for the workman." "He becomes an appendage of the machine . . ."* In his *Das Capital*, Marx affirms that modern manufacturing process "transforms the worker into a cripple, and a monster." "The independent peasant or handicraftsman," on the other hand, "develops knowledge, insight and will." "Skilled artisanship," observes Prince Kropotkin, "is being swept away as a survival of a past condemned to disappear." "The artist who formally found aesthetic enjoyment in the work of his hands is substituted by the human slave of an iron slave."† "Work in a modern factory," points out Mary Sutherland, "often stifles every creative faculty and leaves them with only enough energy in their leisure time to be passive consumers of mechanised entertainment." "It is not only the question of conditions of factory work, but of the nature of much of the work."‡

Tracing the history of pin-making from the age of Adam Smith to modern times, Bernard Shaw, in his *Intelligent Woman's Guide to Socialism and Capitalism*, observes:

> "The man, it is said, could turn out nearly five thousand pins a day and thus pins became plentiful and cheap. The country was supposed to be richer because it had more pins, though it had turned capable men into mere machines, doing their work without intelligence, and being fed by the spare food of the capitalist, as an engine is fed with coals and oil. That was why the Poet Goldsmith, who was a farsighted economist as well as a poet, complained that 'wealth accumulates, and men decay.'"

In his *Evolution of Industrial Organisation*, Prof. Shields clearly proves that the modern methods of scientific management "provide a stimulus to greater efficiency and larger output, but there is no effective check to overspeeding or exhaustion of the workers." "The modern tendency towards extreme specialisation is intensifying, and the worker is deprived of all

* *Communist Manifesto.*

† *Fields, Factories and Workshops.*

‡ *Victory or Vested Interest?*

thought, initiative, sense of achievement and joy in his work." From the standpoint of psychology, Ernest Hunt feelingly comments :

> "We are witnessing an extraordinary development of power which tends to turn craftsmen into cogs in a soulless mechanism. Whereas in former days the artisan had pride in the creative element in his work, which he, very often, carried on in his own house or workshop, he has now become a mere cipher in a factory, perhaps not even known by a name but by a number."

These evils are inherent in the present system of industrialisation, and mere socialism cannot eradicate them. Karl Marx recognized these evils in very explicit terms, but hoped that they would be absent in a Communist State. But excessive rationalised mechanisation, whether in a capitalist or a socialist State, is sure to exercise its baneful influence on the physical, moral and mental health of the workers. As Borsodi says in *This Ugly Civilisation* :

> "The elimination of exploitation by the abolition of private ownership of production and distribution does not reach the root of the trouble. The factories' ineradicable attributes will still remain to plague mankind. Socialisation or functionalisation of the factory will never produce the utopia for which so many idealists are working. Socialisation must fail as a remedy because it does not treat with the real disease which the factory system has inflicted upon mankind. Socialisation must fail because it contains no balm for efficiency-scourged mankind."

Mahatma Gandhi is of the same view :

> "Pandit Nehru wants industrialisation because he thinks that, if it is socialised, it would be free from the evils of capitalism. My own view is that the evils are inherent in industrialism and no amount of socialisation can eradicate them."*

* *Harijan*, 29-9-1940.

It must, however, be clearly understood that Gandhiji is not against all machinery. "I have no design upon machinery as such," says he. "The spinning wheel itself is a piece of valuable machinery." His objection is directed to the 'craze for machinery' and its 'indiscriminate multiplication.' He, therefore, desires not to destroy machinery but to impose limitations on it. Gandhiji would "welcome the machine that lightens the burden of crores of men living in cottages." But he has set his face against all machinery which turns men into 'robots' and as a result, ousts human labour :

> "Mechanisation is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work, as is the case in India . . . The problem with us is not how to find leisure for the teeming millions inhabiting our villages. The problem is how to utilize their idle hours, which are equal to the working days of six months in the year."*

"Dead machinery," says he, "must not be pitted against the millions of living machines represented by the villagers scattered in the seven hundred thousand villages of India." He can have also no consideration for machinery 'which is meant to enrich the few at the expense of the many.'

Gandhiji is not against scientific invention and improvement in machinery. "I would prize every invention made for the benefit of all." An improvement in a small machine which adds to the efficiency of cottage industries and which a man can handle without being its slave, is to be welcomed. But he is not in favour of the modern '*craze* for labour-saving devices' :

> "Men go on 'saving labour' till thousands are without work and thrown on the open streets to die of starvation. I want to save time and labour, not for a fraction of mankind, but for all. I want the concentration of wealth, not in the hands of a few, but in the hands of all. Today, machinery merely helps a few to ride on the backs of millions. The impetus behind it all is not the philanthropy to save labour, but greed. It is against this constitution of things that I am fighting with all my might."†

* *Harijan*, 16-11-1934.

† *Young India*, 13-11-1924.

In Europe and America, mechanisation was a necessity because those countries had abundant capital but suffered from the scarcity of labour. To exploit and develop their natural resources fully, they were compelled to invoke the assistance of machinery. But, in India, conditions are just the reverse of those obtaining in Western countries ; there is paucity of capital and abundance of labour. The problem with us, therefore, is not that of inventing labour-saving devices, but of providing employment to those who are being crushed under the heavy weight of forced idleness. Even in the West, the machine has outlived its utility by being carried beyond legitimate limits ; it has even grown into a menace and a tragedy. The machine has thrown out of work millions of people who have to suffer the degrading humiliation of living on 'doles.' The United States of America has carried mechanisation to the highest degree of perfection that the human mind can conceive of. The productive capacity of the people of the United States equals that of 14 other leading countries of the world, and the per capita production is 25 times that of India. Still, millions of people are unemployed in the U. S. A. The same is true of other industrial countries of the world. I take the following figures of unemployment from the *Statistical Year Book of the League of Nations for* 1939-40 :

	1935	1939
United States of America	7,450.000	6,240.000
United Kingdom ..	1,730,194	1,298,801
Germany	3,48 675	284,132
France	465,875	404,604
Japan	356,044	237,371

In India, the 1931 Census shows that at least two crores of people are totally unemployed besides millions of half-employed villagers who are either landless or possess uneconomic holdings. According to Western standards, I think 50 per cent. of the Indian population should be regarded as unemployed. As is well-known, 90 per cent. of the people in our country are employed in agriculture and allied occupations, 10 per cent. in industry of which only about 2 million are working in large-scale

industries. Even if these industries are developed further to meet the entire needs of the country, they would not be in a position to absorb more than 5 per cent. of the whole population.

In small scale industries, the number of workers employed is about five times the number engaged in large-scale production. Dr. V. K. R. V. Rao's calculations are :

(Figures in thousands)

Number of workers in large-scale industries	1,482
Number of workers in small-scale industries	228
Number of workers in cottage industries	6,141

In this connection, it will be interesting to compare the figures of labourers engaged in Indian Textile Industry and workers employed in Khadi manufacture. According to the *Indian Year Book* of 1943-44, the average number of hands employed daily in cotton mills in British India and Indian States during 1940 was 4 30,165. While the figures of the All-India Spinners' Association show that the total number of spinners and weavers engaged in the same year in Khadi work, carried on by the Association alone, was 269,445, besides nearly 10 million hand-loom weavers spread all over the country. Although there has been approximately a four-fold increase in the number of factories in India during the last 30 years, the percentage of workers in industry to the total population has been steadily decreasing :

Year		Percentage.
1911	... ...	5.5
1921	... ...	4.9
1931	... ...	4.3
1941	... ...	4.2

These figures are sufficient to indicate that mere large-scale industrialisation of India, whether of the capitalist or the socialist type, cannot solve the problem of unemployment. That is one of the chief reasons why Gandhiji desires to have no truck with Plans for the industrialisation of India on Western lines.

PROBLEM OF DISTRIBUTION

Apart from the problem of unemployment, Gandhiji favours cottage industrialism from the viewpoint of distribution :

"Granting for the moment that the machinery may supply all the needs of humanity, still it would concentrate production in particular areas, so that you would have to go in a round-about way to regulate distribution, whereas, if there is production and distribution both in the respective areas where things are required, it is automatically regulated, and there is less chance for fraud, none for speculation."*

"Distribution," says Gandhiji, "can be equalised when production is localised, in other words, when distribution is simultaneous with production."

Gandhiji does not lend countenance to the socialist method of distribution :

"You want me to express opinion on State-controlled industry, i.e., an economic order in which both production and distribution are controlled and regulated by the State, as is being to-day done in Soviet Russia. Well, it is a new experiment. How far it will ultimately succeed, I do not know. If it were not based on force, I would dote on it. But to-day, since it is based on force, I do not know how far and where it will take us."†

As an eminent economist remarks, "large-scale machinery, if privately owned, leads to giant business and monopolistic competition ; and on the other hand, if it is publicly owned, it creates a new leviathan, the might of which can be remorselessly abused." Moreover, Gandhiji does not like the round-about method of distribution in Russia. Centralised production and state distribution has led to the creation of a Managerial Bureaucracy which is tending to become oligarchical.

Hence Gandhiji, instead of mass production on a large-scale basis, desires production by masses on a small-scale and decentralised basis. Referring to the production of Khadi, he says :

"It is mass production, but mass production in peoples' own homes. If you multiply individual production to millions of times, would it not give you mass production on a tremendous scale ? But I quite understand that your

* *Harijan*, 2-11-1934.

† *Ibid.*

'mass production' is a technical term for production by the fewest possible number through the aid of highly complicated machinery. I have said to myself that that is wrong. My machinery must be of the most elementary type which I can put in the homes of the millions."*

NATIONAL DEFENCE

Even from the standpoint of defence and foreign aggression, decentralisation and ruralisation of industries is a vital necessity. The centralised industries provide an easy target for air-bombing, and the destruction of a few industrial centres not only makes the country militarily more vulnerable but also throws the whole economic life of the country completely out of gear. Consequently, the industrialised countries like Great Britain, Germany and Japan are now planning to decentralise their production with a view to strengthening their defensive capacity on the economic front. The real secret of Chinese success against Japanese powerful aggression lies in the wonderful organisation of the Industrial Co-operatives. Since India has yet to plan for the future, will it not be foolish to repeat the mistakes of other countries ? Instead of concentrating textile industry, for example, in big cities like Bombay and Ahmedabad, will it not be better to encourage cottage production of Khadi in every village ? Writes Gandhiji :

> "It is any day better and *safer* for the millions spread in the seven hundred thousand villages of India scattered over an area 1,900 miles long and 1,500 miles broad that they manufacture their clothing in their own villages even as they prepare their own food. These villages cannot retain the freedom they have enjoyed from times immemorial, if they do not control the production of prime necessaries of life."†

COST OF PRODUCTION

The protagonists of large-scale industrialisation argue that mill-made goods are more economical than the handicraft products, because their cost of production is comparatively less

* *Harijan*, 2-11-1934.

† *Young India*, 2-7-1931.

owing to certain external and internal economies. But this is, again, a fallacious argument. Dr. Gyanchand makes a pertinent observation in this connection :

> " This conception of costs, according to the underlying assumption of this argument is wrong and is based on a false standard of values for industrialisation is extremely costly from the social standpoint. Besides leading to the growth of slums, sordid conditions of life and work, it necessitates the creation of a mechanism which sets up intolerable social stresses and stains and is liable to frequent breakdowns and violent disturbances. All that has to be reckoned as costs of factory production. They are not costs for the individual industrialists, but for society they are very heavy costs."

He further remarks :

> " In so far as the war is due to economic causes, its terrific cost in men and materials should also be debited to factory production."

In his report of the Industrial Survey Committee of the Central Provinces and Berar, Prof. Kumarappa writes :

> " Centralised production, as it gathers its raw materials from distant places and focuses its productive capacity in a definite locality, has to control the means of transport and facilities for controlling the production of raw materials. These involve control over the activity and life of others and, therefore, it cannot well be delegated to private control. Without such powers it is impossible to produce on a large-scale . . . Therefore, if there is any cheapness in production from the large-scale industries, it is due in some measure to certain part of the expenses connected with this method of production being charged up to the general revenues of the country. It is foolish to argue, therefore, that articles produced under large-scale industries are cheaper."

This is the reason why, taking the example of textile industry, Gandhiji maintains that " though yard per yard Khadi may be dearer than mill-cloth, in its totality and in terms of the

villagers, it is the most economic and practical proposition without a rival."* Similarly hand-pound rice may be costlier than mill-polished rice, but if the ill-effects of polished rice on nation's health are also computed, it will not be found dearer. So with *ghani*-oil and mill-oil. Moreover, the external and internal economies that accrue to large-scale industries are not due mainly to their concentration in one locality. They are largely due to the wholesale purchase of raw materials, wholesale disposal of their manufactures, greater facilities of capital, preferential railway rates, Government subsidies, and such other facilities which are, at present, denied to small-scale or cottage industries. But if the village industries are organised by the State on a scientific basis, there is no reason why they should not be able to compete successfully with large-scale production of factories. Referring to the immense potentialities of 'domestic' power-loom industries in India, Sir Victor Sassoon, in the course of his Presidential Address to the first session of the All-India Textile Conference, said :

> "There is a big possibility in this country for the development of the manufacture of light power-looms with small electric motors, so that the purchase of a small number of these looms and motors would be within the reach of any small capitalist . . . Small plants of this type would enable India to compete *in quality and price with any country*, specially if such enterprises are marshalled into a co-operative movement."

Sir Victor visualises such decentralised production on a capitalist basis. This is not desirable. Decentralised units, though independent, could be co-ordinated with one another by means of Industrial Co-operatives as in China. But the opinion of Sir Victor as regards the quality and price of decentralised production as compared with large-scale manufacture is significant. Even Henry Ford, one of the greatest industrial magnates that the modern world has produced, admits that "as a general rule, a large plant is not economical." "Big business, keeping service to the public always in mind, must scatter

* *Harijan*, 20-6-1936.

through the country not only to obtain the lowest costs but also to spend the money of production among the people who produce the product."* Other mechanical and engineering aspects of the question have been thoroughly dealt with by Richard Gregg in his *Economics of Khaddar*.

TESTIMONY OF BIOLOGY

The resuscitation of Village Communities is desirable from the biological standpoint as well. Malthus was haunted by the possibility of over-population, but the present biologists and sociologists are now faced with the possibility of human extinction, because there has been for the past few decades a steady decrease in the population of several countries. It is an established principle of sociology that the fecundity of the rich people residing in towns is much less than that of ordinary people living in rural surroundings. Even Adam Smith had written in the *Wealth of Nations*, that "luxury in the fair-sex, while it inflames perhaps the passion for enjoyment, seems always to weaken and frequently destroy altogether the powers of generation." This is due to a variety of causes, chief of them being urban congestion, alternative distractions which compete with the satisfaction of the claims of parenthood, and the impact of a new pattern of social relations on the stability of the family group. Mechanised production in urban areas has a tendency to mechanise life itself with the result that the natural instincts of sex and parenthood are deprived of their normal vitality. Prof. Lancelot Hogben, the well-known English biologist, analyses this phenomenon with penetrating intelligence :

> "In rural surroundings where children grow up in contact with the recurrence of parenthood in animals and plants, the processes by which life renews itself are accepted as natural events. In the city, reproduction is an unwarranted intrusion of hospital practice on the orderly routine of a mechanised existence. The machine, which neither creates nor begets sets the fashion of human relationships."†

* *My Life and Work.*

† *What Is Ahead of Us*, p. 184.

Sociologists who are still largely prejudiced by the 'Malthusian mythology' too easily believe that population will look after itself if Capitalism is abolished. But, as Prof. Hogben points out, low fertility in urban areas is not a special characteristic of Capitalism. It is very largely a trait of modern industrialism with all its concomitants. Biologists, therefore, plead for a 'back to village' movement in order to plan for 'human survival' itself.

TESTIMONY OF AGRONOMY

The organisation of small and self-sufficient rural communities is not a difficult task even from agronomical considerations. There has been, of late, extraordinary development in the science of agro-biology, and it is now possible for all countries to grow various crops within themselves without depending on imports from other territorial units. Agro-biology has enabled not only different countries but also their small economic-units to be self-sufficient. The novel system of 'dirtless farming,' devised by Prof. Gericke of California is still in the experimental stage ; but if it turns out to be satisfactory, it bids fair to revolutionize modern agronomy by being able to produce a larger supply of food with less labour and on a smaller area. For a fuller study of the subject, readers are referred to Dr. Willcox's book, *Nations Can Live at Home.*

The famous American sociologist, Lewis Mumford, in his, *Technics and Civilisation,* and *The Culture of Cities,* comes to the conclusion that big cities with congested factories are out-of-date and unnecessary. According to him, the recent achievements of science can make small workshops situated in small garden cities spread all over the countryside "the most efficient, healthy and wholesome units of industry and of society." A few decades ago, Kropotkin, in his two books, *The Conquest of Bread* and *Fields, Factories and Workshops,* had taken pains to drive home the same truth, with a wealth of study and research.

INTERNATIONAL PEACE

Besides the biological and sociological considerations, the plan of decentralised co-operative industry is essential from

the standpoint of international peace and harmony. Large-scale production, whether State-controlled or privately managed, inevitably leads to participation in the frantic race for 'foreign markets,' which sooner or later ends in blood-thirsty wars and brutal massacre. That has been the sad experience of the last two centuries. The root cause of the present as of the last World War, is this unfettered greed for profits. This tendency is inherent in large-scale mechanisation. The recent experience of Soviet Russia is also extremely discomforting. Even among the United Nations, there are already taking place heated discussions regarding 'Post-war Markets.' The recent debate in the House of Commons relating to Dominions' markets should be an eye-opener to all of us. That is why Gandhiji has been against the present international economy. As has already been pointed out, he is not against international trade as such, provided it satisfies the real wants of different nations on a basis of mutual interest. But this is next to impossible in the existing conflict of Empires. Gandhiji, therefore, wants India to plan her national economy in terms of peace and self-sufficiency without entertaining any ambitions of world markets for her manufactures. "Don't you see that if India becomes industrialised, we should need a Nadirshah to find out other worlds to exploit, that we shall have to compete ourselves against the naval and military power of Britain and Japan and America, of Russia and Italy? My head reels to think of these rivalries."* The National Planning Committee also defined their aims as "the attainment of national self-sufficiency for the country as a whole without being involved as a result of such efforts in the whirl-pool of economic imperialism." Dealing with the advantages of the Chinese Industrial Co-operative movement, Nym Wales observes:

> "It is important that China should not become an imperialist power, nor an instrument for future imperialist conquest by the Japanese. If, instead, the interior is industrialised on a democratic co-operative basis, this danger will be removed. Such a healthy, balanced industry will not be competitive abroad but will raise purchasing power

* *Harijan*, 29-8-1936.

at home and create its own market as well as that for foreign trade on a basis of equality."

OTHER TESTIMONIES

Village Communism based on cottage industrialism is, thus, not a Gandhian fad ; it is sound and scientific from various angles of vision. During recent times, it has, directly or indirectly, won the admiration and support of several important writers and thinkers of the West. Sir William Beveridge, the well-known author of the British Social Security Plan, while discussing a similar plan for India recently remarked :

> "India's industry would probably expand, but it is important that it should be properly distributed to avoid the dreadful sprawling towns that we have in this country (England), and the United States."

A noted French economist, Hyacinthe Dubreuil, has shown that "even the largest industrial undertakings can be organised so as to consist of a number of co-ordinated but self-governing groups," and he has adduced reasons for supposing that such an organisation would not reduce the efficiency of the businesses concerned and might even increase it. The distinguished European thinker, Count Coudenhove-Kalergi, in his *Totalitarian State Against Man*, has suggested the establishment of "Agricultural Co-operatives," as a final and lasting solution of all the ills of the war-weary world. Discussing the need for an 'economic revolution,' he observes :

> "It demands a free economic system and operation. Its aim is the creation of the greatest possible number of independent existences bound to-gether by the principle of co-operation. It rejects both economic Anarchy and collectivism. Its model is to be found in the Agricultural Co-operatives, which combine all the advantages of private property with the spirit of brotherhood and reciprocal aid."

In our own country, Dr. Radhakamal Mukerji has emphasized the need for a rural civilisation :

"The object of planned economy for India is neither economic autarky and national aggression as sought in the Fascist countries nor economic imperialism based on the power and prosperity of a small capitalistic and directive class, as in the democratic countries, nor again, a bare materialistic and regimented culture as in Soviet Russia. The ideology behind economic planning in India is the broadening of the economic base of a peaceful agricultural civilisation for the purpose of national self-defence, on the one hand, and the full and free expression of her ancient moral and social virtues in the changed economic world, on the other."*

The Bombay Planners as well have not failed to take cognizance of the importance of cottage industrialism in Indian national economy :

"It is an essential part of our Plan for the re-organisation of industries that adequate scope should be provided for small-scale and cottage industries along with large-scale industries. This is important, not merely as a means of affording employment, but also of reducing the need for capital, particularly of external capital, in the early stages of the Plan."

But I should be excused for frankly remarking that, despite these observations, the attitude of the Planners towards Village Industries is not very clear. Do they wish to provide adequate scope for such industries only "in the early stages of the Plan," owing to certain conveniences, or do they regard the revival and development of rural industries as a desirable end in itself with a view to building up a healthy and balanced national economy ? If the cottage industries are to be developed during the period of transition to reduce the need for capital, only to make room for large-scale and rationalized industries in future, the Bombay Plan needs a fundamental change in outlook.

IN CHINA

Cottage industrialism has been an eminent success in war-torn China. Nym Wales in her book, *China Builds for Demo-*

* *Economic Problems of Modern India.*

cracy, gives us a vivid and fascinating account of the working of the Industrial Co-operatives, or, as their abbreviated form is termed, 'Indusco.' By 1938, Japanese war machine had annihilated about 80 per cent. of Chinese industries, rendering thousands of workers idle and homeless. The whole future of China hung in the balance. It was at that critical juncture of national history that a few Chinese youngmen, under the leadership of Rewi Alley, formulated a plan for 'Guerrilla' industries on co-operative basis in the interior of China. The Industrial Co-operatives are now Chinese glory and wealth ; they have not only served the country as impregnable lines of defence against foreign aggression, but have also sustained the vitality of the nation by providing it with all the necessary consumption goods at a time when the whole economic organisation was bombed to pieces. There have emerged in China thousands of small Co-operative Communities which are economically self-governing and self-sufficient, producing with manual labour and small machines all the necessaries of life like food, cloth, paper, soap, oil, glass, chemicals, drugs, iron goods and machine tools, leather goods, hospital equipment, furniture, etc. These Industrial Co-operative Communities are also running nurseries, day and night schools, hospitals and recreation halls. In 1940, the number of such Co-operatives was 1,500 ; in 1942, about 6,000 ; and in 1943, the number rose to about 10,000. The most remarkable fact about these industries is their monthly turnover. It is stated that the value of their monthly production is two times greater than the capital investment. This may be due to war factors ; nevertheless, it is astounding. The 'Indusco' are of supreme value to China, not only during war, but also for its future industrial development. "It is the carefully considered opinion of Chinese industrial experts and a number of American and British observers," writes Nym Wales, "that the Industrial Co-operatives can provide not only the best but the most feasible form of industry for China in the future as at present." "In the midst of the wars and social upheavals that characterize our era, this dynamic movement now stirring in the heart of interior China is of no small significance. Its potentialities are very

great and the mere struggle to rebuild industry on a democratic base in the middle of a battlefield is an exciting one that has already captured the imagination of hundreds of observers interested in social and economic change and in the fate of China." Writing on China's 'Guerrilla Industry' in the *Asia and the Americas* of May 1944, Edgar Snow expresses the same view :

> "Not only could it help to win the war in its final phase, but if given a chance it could fulfil the original hope of its founders to create a happy economic foundation on which to build the future of China along democratic, peaceful lines."

The value of the Chinese 'Indusco' movement to India is very great, indeed. In this connection, Pandit Nehru, in the course of his Foreword to Nym Wales's book, makes significant observations :

> "India, like China, has enormous man-power, vast unemployment and under-employment. It is no good comparing with the tight little countries of Europe which gradually became industrialised with small and growing populations. Any scheme which involves the wastage of our labour power or which throws people out of employment is bad. From the purely economic point of view, even apart from the human aspect, it may be more profitable to use more labour power and less specialized machinery. It is better to find employment for large numbers of people at a low income level than to keep most of them unemployed. It is possible also that the total wealth produced by a large number of cottage industries might be greater than that of some other factories producing the same kind of goods."

IN JAPAN

As is sufficiently well-known, Japan, too, is the home of small-scale 'domestic' industries. Guenther Stein, in *Made in Japan*, gives the following rough estimates of the relation between different categories of industrial establishments in Japan :

Gi.15

Smallest industries	... ...	10 per cent
Small industries	... ...	29 per cent
Medium-sized industries	... ...	35 per cent
Large-scale industries	... ...	26 per cent

These 'dwarf' units produce not only consumption goods but also machines. It is pointed out that only 34 per cent of the machinery manufactured in Japan is produced in large factories. Prof. Allen in his book *Japanese Industry : Its Recent Development and Present Condition,* remarks :

> "We may conclude that the predominance of the small technical unit in many of Japan's industries is not an indication of the economic weakness of the country, but that it represents an appropriate adaptation of industrial methods to the economic conditions existing there . . . In that country, capital is relatively scarce and dear, while industrial labour is relatively plentiful and cheap."

The same is the case with India. But these small-scale units in Japan are, unfortunately, co-ordinated and controlled not by Co-operative Communities as in China, but by a few big capitalists. This is undesirable, as the cottage workers, instead of being their own masters, are subject to Capitalists' stranglehold and exploitation.

OTHER COUNTRIES

The "Owner-producers' Co-operatives" in Soviet Russia, popularly known as the 'Incops,' have also attained marked efficiency. Sidney and Beatrice Webb, in their '*Soviet Communism : A New Civilisation*' point out how under the Soviet Government these owner-producers have been, from 1919 onwards, and specially since 1932, revived and encouraged. "In this type, the members are not recipients of salary or wage ; indeed, not employed under any contract of service at all. They are, individually or jointly, owners, or part-owners not only of the instruments of production, but also of the products of their labour." At the beginning of 1932, the number of definitely organised Co-operative Societies of this kind was estimated at

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about 20,000 with 30,000 workshops or other establishments having a total membership of 2,350,000 men and women, representing a census population of 7 or 8 millions, with an aggregate gross production of commodities valued at about four and a half thousand million roubles.

Even in England, there is renewed interest in the Co-operative 'self-governing workshop,' due to the need for self-management of decentralised industrial units during the war. The Trade Unions could easily organise and manage small industrial units to speed up production and protect it from Blitzkrieg. There are said to be about 44 co-operative factories in England now. As Nym Wales points out, Co-operative movement in the United States is also concerning itself with Producers' Societies, rather than being content with merely consumers', marketing and credit organisations. There are Co-operative farms, co-operative health associations and co-operative insurance societies. The Department of Labour figures show that in 1936 the total number of distributive and service co-operatives was 4,100 with 8,30,000 members. Both Australia and New Zealand are also using co-operative industry to meet the wartime emergency. Even in Germany, Hitler, it is said, has been compelled to introduce several cottage industries with a view to providing full employment to the German nation.

CONCLUSION

Thus, the general trend of world economic thought is towards decentralisation and 'cottage communism.' This system was in existence in India from very ancient times. It must needs be revived and revivified, of course, with necessary changes to suit modern conditions. Let us not imitate the West which is now reaping the rich harvest of 'dragon teeth' that have been sown all these decades. India must evolve a Plan of economic organisation which shall be congenial to her genius and culture. Such a Plan will set a fashion for other countries as well. The blue-print of such an indigenous system was first outlined in the Commonwealth of India Bill prepared by Dr. Annie Besant. Gandhiji has upheld almost the same economic Plan based on Village Communities and rural industrialism.

I need offer no apology for devoting so many pages of this brochure to the analysis and exposition of fundamental principles underlying Gandhian economic ideas. The Gandhian Plan is based on new standards of value and the elucidation of those values is much more important than a statement of mere figures and statistics in terms of crores of rupees.

PART TWO

VI

THE ECONOMIC PLAN

OBJECTIVE

India is a poor country in which about 90% of the people are engaged in agriculture and allied industries. People residing in rural areas are not only engulfed in abject poverty but also steeped in deep ignorance. The chief objective of the Plan is, therefore, to raise the material as well as the cultural level of the Indian masses to a basic standard of life within a period of 10 years. As this Plan attaches main importance to the welfare of rural areas, greatest emphasis has been laid on the scientific development of agriculture and the subsidiary cottage industries. Planning, however, cannot afford to neglect other aspects of national life. Proper attention has, consequently, been devoted to the establishment of the basic or key industries as well. In fact, no department of national economic life has been left out. But, as has been explained in earlier chapters, the fundamental principle underlying Planning in all sectors of life has been a harmonious combination of material, moral and cultural well-being of the people.

THE BASIC STANDARD

A decent and basic standard of material and cultural welfare connotes the availability of all the basic necessaries of life together with the minimum comforts. They are :—

(i) Balanced and health-giving food containing the necessary proteins, carbo-hydrates, fats, minerals and vitamins.

(ii) Clothing sufficient for the protection of body from the inclemencies of weather.

(iii) Housing accommodation of 100 square feet for each individual.

(iv) Free and compulsory basic education for every boy and girl of school-going age, and a working knowledge of reading and writing for every male or female adult.

(v) Medical facilities—every individual should have an easy access to a fairly well-equipped dispensary or hospital. Women should have adequate provision for Maternity Clinics.

(vi) Public Utility services for all citizens, like Postal, Banking and Insurance facilities.

(vii) Recreational facilities, specially in rural areas, like playgrounds, folk-dances, indigenous theatres and Bhajan-mandals.

FOOD

It will be desirable to study the Food and Clothing requirements in some detail.

It is common knowledge that the diet of the bulk of Indian population is very ill-balanced and deficient in caloric value. The composition of a well-balanced diet for an adult, according to the calculations of Dr. Aykroyd is roughly as follows :—

(Ounces per day)

	Balanced diet	Common Ill-balanced diet
Cereals	15	20
Pulses	3	1
Vegetables		
Non-leafy	6	2
Green Leafy	4	2
Fats-Oils	2	5
Fruits	2	—
Milk	8	2

The balanced diet of an adult will yield approximately 2,600 calories, which are necessary for the maintenance of normal health. According to Dr. Aykroyd, the value in calories of the common ill-balanced diet is not more than 1800. This, too, is perhaps an optimistic estimate. The *per capita* income is un-

believably low and the people cannot afford to have a nutritious and balanced diet. Moreover, the present supply of food in our country is not adequate for maintaining the standard of national health. Hence the urgent need for a systematic planning and improvement in agriculture on scientific lines. A mere increase in the quantity of food-stuffs is not enough ; crops will have to be planned with special reference to their nutritive value. The present system of money or commercial crops will have to be done away with. Instead, it will be necessary to plan 'food crops' in accordance with the needs of regional units.

CLOTHING

Among the necessaries of life, clothing stands next to food. The quantity of cloth required will, naturally, be different in various provinces according to the climate. The *per capita* consumption of cotton piece goods in India in 1936-37 was 15.5 yards. The figures for a few other countries in 1929 were as follows :—

	(In yards)
U.S.A.	64
Germany	34
Japan	21.4
Egypt	19.1

The Congress National Planning Committee and the Bombay Planners have fixed 30 yards per head as the reasonable figure for India's clothing requirements. But in a poor country like India, where there is considerable disparity between the 'haves' and the 'have-nots,' such calculations of averages are likely to be misleading and deceptive. It will, therefore, be better to specify that for 90% of the rural population, the *per capita* consumption of cloth should be at least 20 yards. It is also necessary to add that the durability of 20 yards should be one year. If cloth lasts only for, say, six months, the average requirement of a villager will have to be doubled.

PER CAPITA INCOME

Various estimates have been made of the *per capita* income of India from time to time. Dadabhai Naoroji was the first to

make an attempt in this direction, and his estimate was Rs. 20/- per head per annum. The latest estimate is that of Dr. V. K. R. V. Rao for the year 1931-32 ; according to him, the *per capita* income of British India is Rs 65/-.

Such calculations, however, do not present to us a realistic picture of economic conditions. They include the fabulous incomes of millionaires and multi-millionaires on the one hand and the incredibly low earnings of the 'teeming millions' on the other. It is like the stupidity of a man who calculated the average depth of a river by finding out the depths at the bank and the midstream, and who, while trying to ford the river, got drowned. The disparity between the incomes of the rich and the poor is, indeed, very great. It is calculated that, in India, one per cent commands 35%, 32 per cent get 33% and the 67 per cent receive only 32% of the total National Dividend. Thus, an increase in the *per capita* income, according to the present system of calculation, may take place on account of a substantial increment in the incomes of the moneyed class only, without touching the lives of the majority of the population. It will be a magic of cold figures, devoid of a living contact with reality and truth.

In his *Report of the Industrial Survey Committee of the Central Provinces and Berar* (1942), Prof. J. C. Kumarappa observes :—

> "Our survey, being broad-based and covering 606 villages, shows us clearly the uniformity in the low level of the incomes received by the people. In even skilled industries, such as weaving, people are not able to get more than 50 to 70 rupees per annum per family which works out to about 12 rupees per head. If a cottager is able to make about an anna per day on the average throughout the year, he considers himself well off. We may safely say that the *per capita* income per annum in the province would be in the neighbourhood of Rs. 12/-. If anyone disbelieves this statement which has been the result of information given to us with remarkable consistency in regard to the income obtained for the various industries surveyed, covering all the districts of this province, he has only to go into any village and see for himself the condition of the people." (Part I, Volume I, page 6.)

Since the Central Provinces and Berar is comparatively a poor province in India, we may conclude that the actual *per capita* income of 90 per cent. of the Indian population living in villages is in the neighbourhood of Rs. 18/- per annum. This is, undeniably, a very low figure with the result that the standard of living in villages is extremely poor and the people are head over ears in debt. In this connection, it will be useful to state the figures of *per capita* income in other countries :

Country	Year	Per capita income (Rupees)
U. K.	1931	1,013
U. S. A.	1932	1,186
Germany	1925	520
Japan	1925	176
U.S.S.R.	1925	133

MINIMUM INCOME NECESSARY

Well-balanced diet in India, according to the calculations of Dr. Aykroyd will cost about Rs. 6/- per head per month in terms of pre-war prices.

In rural areas, it may cost about Rs. 5/- per month or Rs. 60/- per year. Calculating 20 yards as the *per capita* consumption of cloth in villages, the annual expenses of clothing at the rate of 3 annas per yard will be Rs. 3-12-0 or, to give a round figure, Rs. 4/-. Recurring expenditure on house maintenance, medicine charges and other miscellaneous items would approximately amount to Rs. 8/- per head per year. The total annual expenses for each individual, therefore, will be *at least* Rs. 72/-. As has already been pointed out, the present average annual income in rural areas is only Rs. 18/-. It will, consequently, be necessary to quadruple the *per capita* income of at least 90% of the Indian population. This could be done only by organising the villages into more or less self-sufficient Co-operative Communities and by undertaking the development of agriculture and cottage industries on scientific lines.

VILLAGE COMMUNITIES

In order to reconstruct India on peaceful and democratic foundations, it is desirable to establish self-governing village

Communities or Gram Panchayats as of old, with necessary modifications to suit modern conditions. These Panchayats will be very different from the present Local or District Boards which possess limited powers. They will be autonomous so far as their internal administration is concerned, and will be, as far as possible, self-sufficient in regard to at least the basic necessaries of life, like food, clothing and building materials. They will, however, be linked up with the taluka, district, division, province and the country as a whole, for purposes of common policy and interests. In the Village Communities, there will be universal adult franchise and a system of direct elections. But in the cases of taluka, district and other higher councils, indirect election will be the general rule. The merits of such decentralised economic and political units have been already discussed in the previous chapter. The foundation of our Planning will, thus, be the village unit ; the economic reconstruction will be from the bottom upwards, and not from the top downwards.

THEIR FUNCTIONS

The main functions of these Gram Panchayats shall be :

(a) Allotment and collection of Land Revenue on behalf of the village. This point has been explained in detail while dealing with land tenures.

(b) Maintenance of peace and order in the village with the help of local police.

(c) Administration of justice in local disputes by arbitration and amicable settlement. The present system of litigation is not only complicated and highly expensive, but has also cut at the very roots of village honesty and *esprit de corps*.

(d) Organisation of Basic and Adult education. The schools shall be under the management of the Panchayats.

(e) Provision of medical aid by the establishment of dispensaries, cottage hospitals and maternity centres.

(f) Sanitation and maintenance of buildings, roads, tanks, wells and other public places.

(g) The improvement of agriculture of the village by co-operative effort.

(h) Regulation of village trade, industry and commerce by organising credit and non-credit co-operative societies under the supervision of the Panchayat.

(i) Making arrangements for the co-operative purchase of raw materials and consumption goods, and the co-operative sale of farm produce and articles of village handicrafts.

The Co-operative movement in India has not borne the desired fruit because it was foisted on the villager from above and did not have its roots in the Indian soil. The Panchayat Acts in different provinces have also not produced satisfactory results owing to their limited scope and powers. It is true that the resuscitation of the old village community system will have to proceed slowly, though steadily. We will have to face a number of practical difficulties. The existing caste divisions and growth of individualism will stand in the way of smooth working of these Panchayats. But in their revival alone lies the hope and prosperity of the Indian nation.

VII

AGRICULTURE

The development of agriculture, which is the main occupation of the Indian people, must be the most prominent item in any plan of economic reconstruction. Moreover, there is no antagonism between agriculture and industry ; they are complementary. To regard industry and agriculture as, more or less, water-tight compartments, and then to try to establish a 'balanced economy' by fixing their respective percentages, is not reasonable. Except for the large-scale key industries, the aim of economic planning should be to integrate agriculture and industry by running them together, side by side, so that there are workshops and cottage factories adjoining the fields. This *integration of labour* will not only be conducive to the physical health of the nation, but will also establish a really balanced and wholesome national economy.

While developing agriculture in India, the following points are to be borne in mind :

(a) The primary objective should be the provision of adequate and nutritious food for the entire population.
(b) With the differences in climate and soil, the planning of crops in various parts of the country will also be different.
(c) The country should, as far as possible, be made self-sufficient in regard to food crops and raw materials for industries. Only the surplus produce should be exported to other countries.
(d) An attempt should be made to make even the different regions self-sufficient in foodstuffs and raw materials, in order to avoid undue strain on the means of transport.
(e) The present system of commercial farming which is dependent not on local needs but on distant markets, should gradually disappear.
(f) Research work should be undertaken by the State by establishing more experimental farms, which shall also serve as Model farms.

FOOD SHORTAGE

According to Dr. Radhakamal Mukerji's calculations, India is a deficit country in regard to foodstuffs. The estimates are as under :*

India's population capacity, 1935	..	329 millions
India's food shortage	.. ..	41·1 billion calories.
Number of 'average men' estimated without food	.. .. ..	48 millions†

The recent Bengal Famine, though it was man-made, has, nevertheless, underlined the urgent need of increasing the yield of food crops in this country. The average yields of Indian crops are very low as compared with the figures of other countries.‡

* *Food Planning for 400 Millions*, p. 26.

† *Statistical Year Book of the League of Nations*, 1933-34.

‡ *Even this figure is, perhaps, an under-estimate.*

(lbs. per acre)

Countries	Wheat	Rice	Sugarcane	Cotton
Egypt	1,918	2,998	70,302	535
Japan	1,713	3,444	47,534	196
U. S. A.	812	2,185	43,270	268
China	989	2,433	—	204
India	660	1,240	34,944	89

LAND TENURE AND RENT

In order to raise the average productivity of various crops in India, a few radical reforms and changes are very necessary. The first of these reforms is the nationalisation of land and a system of Village Land Tenure. The *Zamindari* system is, more or less, a remnant of feudalism and is, therefore, out of date. The *Ryotwari* system was introduced in India in order to extract the maximum Land Revenue by entering into direct contracts with individual cultivators. It will, consequently, be desirable to introduce a *Mauzawari* settlement or Village Land Tenure system, in which the whole village community is collectively responsible to the State for the payment of the total revenue. Allocation of rent among different cultivators shall also be decided by the Community and not by the *patwari* as at present. The *ryotwari* system was a direct cause of the disintegration of ancient Village Communities in India. Introduction of Village Tenure system will, once again, revive India's corporate rural life. The Gram Panchayats will lease out village lands to individual farmers and the long leases will continue so long as the fixed rent is regularly paid. The present rates of Rent and Revenue will have to be considerably reduced. Arrears of rent shall be recoverable in the same manner as civil debts, and not by ejectment. As in ancient India, rents will be payable not in cash, but in kind—at least partially—in the form of a fixed portion, say 1/6th or 1/8th, of the total produce. The system of payment *in kind* will certainly be inconvenient to the State ; but from the viewpoint of the ryot it will be much more economic, equitable and convenient because the rent shall vary according to the fluctuations in the quantity of the harvest. Moreover, it is not an infrequent

thing to find villagers forced to sell their products to pay their rents in cash. These forced sales have the effect of lowering prices, and later on these very people are obliged to buy back the goods at a much higher price. Payments in kind will also save the farmers from the clutches of the money-lenders.

NATIONALISATION OF LAND

The introduction of *Mouzawari* settlement will necessitate the abolition of the present 'vested interests,' like the Zamindars, Taluqdars and Malguzars. In other words, the Land will have to be nationalised, and there will be no middlemen between the peasants and the State. Land will be given on long leases by the State to those *who actually till it*. It will pass from father to son. It shall not be alienated except to one who undertakes to till it himself. The absentee landlords will be out of the picture. Of course, a reasonable period of transition will be allowed for the gradual abolition of the existing proprietorial rights. A reasonable compensation may also be paid to the title-holders after minutely scrutinising their titles to land. Many plots of lands have gone over to the landlords owing to defective law or callous usury. The present owners of such plots shall not deserve any remuneration. Land may also be gradually nationalised by levying heavy inheritance taxes or death duties. Any succession to a landed property must be liable to a tax not less than 50% of the capital value of such land. In this manner, private property in land will automatically be ended in about two generations.

FRAGMENTATION

Perhaps the greatest handicap in the way of increased productivity of agriculture in India is the sub-division and fragmentation of holdings due to the Indian law of Equal Inheritance. The disadvantages of such fragmentation are too patent to be repeated here. The average holding in all parts of India, is, at present, not more than 3 acres. Regarding the number of acres per cultivator, the Census Report of 1921, gives the following figures ;

Bombay	..	12·2	Bengal	..	3·1
Punjab	..	9·2	Bihar & Orissa	..	3·1
C. P. & Berar	..	8·5	Assam	..	3·0
Madras	..	4·9	United Provinces	..	2·5

It would be instructive to know the average size of holdings in other countries :*

		Acres			Acres
U. S. A.	..	145	Germany	..	21·5
Denmark	..	40	England	..	20·0

In order to lessen the evils of fragmentation, the following remedies are suggested :

(a) Consolidation of holdings on a voluntary basis through co-operative societies, as has been done in the Punjab, C. P. & Berar and Baroda.

(b) Co-operative farming of adjoining plots of land by removing the boundaries between various small size holdings. This should not be confused with the giant collective farms of Soviet Russia. Co-operative farming will combine the advantages of private ownership and joint cultivation.

(c) Modification of the present system of Inheritance. For example, land should not be partitioned beyond a certain minimum. If the minimum fixed is, say, 20 acres, and an owner of 20 acres has two sons who want to separate, one of them would have to purchase the other brother's share. The land cannot be divided into two plots of 10 acres each.

(d) Uneconomic holdings should, for the present, be exempted from the payment of rent.

RURAL INDEBTEDNESS

Another problem which demands our special attention is the crushing burden of rural indebtedness. Although the indigenous moneylender has played an important role in Indian rural economy, his inordinate greed and usury must needs be condemned in strongest terms. According to the estimates of

* Nanavati and Anjaria: *The Indian Rural Problem*, p. 40.

the Central Banking Enquiry Committee, the total agricultural indebtedness in British Indian provinces in 1929 was in the neighbourhood of Rs. 900 crores. The Agricultural Credit Department of the Reserve Bank of India calculated the rural indebtedness to be approximately Rs. 1,800 crores in 1937. Besides the usury of the village Bania, some of the causes of this indebtedness are the existence of uneconomic holdings, decline of subsidiary cottage industries, the Land Revenue policy of the Government, and the low yield of crops.

The liquidation of debt is, thus, an urgent need, if the Indian agriculturist is to be lifted above his present misery and abject poverty. Attempts have been made in different provinces in this direction by passing Agriculturists' Relief Acts and establishing Debt Conciliation Boards. But this is touching only the fringe of this serious problem. More drastic and comprehensive planning is essential. The following are a few suggestions :

(a) All the accounts of debts should be carefully scrutinised by special tribunals ; bogus and unjust debts are to be cancelled without compunction. Other debts are to be rigorously scaled out.

(b) Any debt of more than 10 years' standing on which interest has been paid regularly, should be deemed to have been fully discharged.

(c) The Government should assist the villagers in the liquidation of their debts by issuing, say, 20 years' State Bonds to the moneylenders concerned and asking the ryots to pay their revised debts conveniently in 20 annual instalments.

(d) Cheap long-term credit facilities should be provided to the agriculturists through Village Panchayats, Credit Co-operative Societies or Land Mortgage Banks. The maximum rate of interest for new debts should not be more than 6%.

(e) Private money-lending should be prohibited. Only Village Panchayats, Co-operative Societies or Land Mortgage Banks should be allowed to engage in this business.

(f) Definite restrictions should be imposed on the transfer of land in lieu of debts.

The situation seems to be a little bit easened owing to the present inflation and the high prices of crops ; the agriculturists have, consequently been able to pay off part of their long-standing debts. But this is only a passing phase, and a systematic attempt to grapple with this problem on a long-term basis is as essential as ever. The truth of the matter is that the problem of indebtedness is inextricably related to the larger problem of India's poverty. The best insurance against rural indebtedness, therefore, will be an improvement in agriculture and the resuscitation of subsidiary village industries which will ameliorate the general economic condition of the farmers.

RECLAMATION AND SOIL EROSION

With a view to increasing the production of agricultural crops, it is desirable to extend the area of cultivation by reclaiming the 'cultivable waste' which is estimated to be about 170 million acres. There are certain practical difficulties in bringing these waste lands under the plough. Paucity of capital, unhealthy climate, absence of adequate and cheap transport, dearth of irrigation facilities are some of the difficulties. It is, therefore, not possible to leave the task of land reclamation to individual cultivators. The State must take up this important work and invest the necessary funds required for initial expenditure.

Besides the extension of cultivation, special attention should be paid to the important, though so far neglected problem of soil erosion. If this evil is not checked in time by means of afforestation and the terracing of lands, millions of acres will be permanently washed away and thus lost for cultivation.

IRRIGATION

Apart from these measures of extensive cultivation, the land already under the plough should be cultivated more intensively and scientifically. To this end, it is necessary to extend the area under irrigation. In 1939-40, out of the gross cultivated area of 244 million acres, only 54·9 million acres

were irrigated—29 millions by canals, 5·9 millions by tanks, 13·5 millions by wells and 6.5 millions by other sources. This means that, at present, only about 23% of the total area under cultivation is irrigated while the rest is left to depend on the vagaries of monsoon and rainfall. In this respect, therefore, the responsibility of the State is very great, and considerable amount will have to be spent in extending irrigation facilities in this country at cheap rates.

AGRICULTURAL EFFICIENCY

In addition to the improvements mentioned above, agricultural efficiency in terms of increased production can be attained by the following means :

(a) *Fertilisers and manures.*—That there has been progressive deterioration of the soil in our country is evidenced by the following statistics :*

	Rice			Wheat		
	Bengal	Bihar	C. P.	Bombay	Bengal	C.P.
1931-32	961	912	718	430	525	429
1940-41	652	519	419	385	451	397
Decrease	309	393	299	45	74	32

Hence it is very essential to renew the fertility of the soil. Unfortunately, in our villages a good deal of the valuable farmyard manure is either burnt as cow-dung or wasted without being collected. This should be discouraged by providing alternative forms of fuel. Waste areas near villages should be planted with fuel trees. Afforestation on the banks of rivers and nallas, besides supplying the necessary fuel, will also prevent the erosion of the soil. Cattle urine is usually allowed to run to waste, and there is still much prejudice against the use of human excreta as manure. If the system of trench-latrines is introduced in villages, the cultivators could improve the richness of the soil to a considerable extent. The bones of dead animals are,

* *Estimates of area and yield of principal crops in India*, 1940-41

at present, largely exported and the farmers are not conscious of their manurial value.

The State should also pay attention to the manufacture of artificial fertilisers and this should be regarded as a key industry, owned and controlled by the Government. But before introducing artificial fertilisers on a large scale, it is necessary to explore all the possibilities of manure preparation in the villages themselves out of cow-dung, human excreta and bones.

(b) *Improvement of cattle* vs. *Mechanisation.*—Almost all our economists have suggested that the mechanisation of agriculture in India is an imperative necessity. But to judge the advantages and effects of the use of mechanical traction, it must be borne in mind that while in the case of tractors, variable costs are high and fixed costs low, in that of draught animals the variable costs are trifling and fixed costs considerable. In other words, the tractor, though expensive when in actual operation, costs little when idle, while the cost of keeping draught animals, though scarcely higher when they are at work than when they are resting, is continuous, since they have to be fed and cared for, whether working or not. "Hence the use of tractors is most profitable when a great deal of work has to be done in a short time. Animals, on the other hand, are more economical when the work is divided fairly evenly over the entire year."*

In India, where the size of holdings is also very small, mechanisation will not be an economical proposition. Of course, better types of implements are absolutely essential, specially when co-operative farming is introduced.

(c) *Cow Protection.*—Since the use of tractors on a large-scale is not desirable in India, it is necessary that the cattle wealth should be improved on scientific lines. From this standpoint, the cow needs all the protection of the State, because it is the economic unit of an

* *European Conference on Rural Life*, 1939—Document No. 5, page 20.

agricultural country like India. It provides the farmer with bullocks for cultivation, irrigation and transport, with manure for the improvement of crops and with nutritious and wholesome milk for his physical wellbeing.

The buffalo is not an economical unit in India for the following reasons :*

(i) The male calves of the buffalo are practically useless for agricultural purposes.

(ii) The buffalo is more susceptible to diseases than the cow.

(iii) A buffalo requires more looking after and is only happy when there is a large grazing area with plenty of water which is not in the reach of a small cultivator.

For the improvement and protection of the cow in India, the breeding of healthy stud-bulls, starting of dairies and provision for pastures and fodder-crops are the most important items of economic Planning.

(d) *Better Implements.*—Although India does not require mechanisation on Western lines, the need for improved and efficient implements cannot be over-emphasised. At present, the farmer uses very antiquated ploughs and harrows, which must needs be replaced by better ones.

(e) *Better Seeds.*—'As you sow, so shall you reap,' is a well-known adage. If agricultural crops are to be improved, better seeds must be provided for.

(f) *Agricultural Insurance.*—As is common in several European countries, the Indian agriculturist must be insured by the State against famine, floods, water shortage, frosts, pests and cattle diseases. The farmers should be allowed to pay their contribution in kind. Responsibility for agricultural insurance should lie with the Provincial Governments.

(g) *Co-operation.*—Above all, the hope for the proper development of Indian agriculture lies in co-operative

* *Harijan*, 24-10-1936

effort. The feeling of 'all for each and each for all' must be cultivated among the village folks. Special attention should be devoted to Co-operative Farming, Co-operative Marketing and Co-operative Credit. The Co-operative movement in India has, so far, been a failure primarily because it has not been a growth from within. With the revival of Village Communities, which were an ideal form of Co-operation, Indian agriculture is bound to prosper once again.

VIII

ALLIED INDUSTRIES TO AGRICULTURE

ANIMAL HUSBANDRY

India is the richest country in respect of the animal wealth. The total live-stock population of India (including Burma and the Indian States) as shown in the Census of 1935 was approximately 360 millions, the members of the ox-tribe and the buffaloes being 168 and 47 millions respectively. But the quality of the cattle is very poor, and, consequently, their yield, specially in case of milk, is extremely low. The following are some of the causes of the poor quality of the cattle in India :

(a) Lack of fodder-supply. 'Mixed farming,' *i.e.*, the cultivation of both food and fodder crops by a scientific system of rotation is desirable. Village pastures should also be revived and developed.

(b) Unscientific breeding and want of healthy stud-bulls.

(c) Absence of subsidiary industries as the by-products of animal wealth, *i.e.*, dairy-farming, tanning, leather work, bone-manufacture, etc. If these industries are developed, the use of cattle will be more profitable and they will be better fed and cared for.

DAIRY FARMING

This industry will not only improve the economic condition of the Indian ryot—the annual cash value of dairy products has been estimated at over Rs. 800 crores—, but will also solve the problem of an adequate and pure milk supply. Compared

with other countries, India stands second to the United States of America in the volume of her milk production. She produces over 4 times the output of Great Britain, over 5 times that of Denmark, over 6 times that of Australia. In spite of this huge output of milk, the consumption of milk in this country " falls to the lowest place among those countries for which statistics are available."* The following are the figures of milk consumption per head in various countries :

			In Ounces.
New Zealand	..	..	56
Australia	..	..	45
Denmark	..	..	40
Great Britain	..	..	39
U. S. A.	..	..	35
India	..	..	7†

According to the calculations of Dr. Wright, the milk production of India must be at least doubled within a few years.

Hence, it is necessary that dairies should be started in Indian villages and towns on a co-operative basis. The All-India Go Seva Sangh, Sevagram, under the guidance of Gandhiji, has addressed itself to this important, though difficult task of reviving and spreading the dairy industry in India. According to the calculations of the Sangh, an ideal and economic dairy should consist of 50 cows. The farmers of a village can pool their individual cows together in the form of a co-operative dairy by erecting a simple cattle-shed for the purpose and purchasing a good stud-bull. Management could be free and by rotation. Besides milk, the dairy could produce ghee, butter, and cream as well. The National Government should bestow special attention on the problem of the adulteration of ghee and other milk products.

From the point of view of milk, the cow is to be preferred to the buffalo for the following reasons :‡

1. A buffalo matures on an average one year later than a good Indian milch-bred cow.

* Report on the Development of the Cattle and Dairy Industries in India by N. C. Wright.

† *Harijan*, 15-2-1942.

‡ Even this figure is, perhaps, an over-estimate.

2. The dry period, *i.e.*, the time when she goes dry and up to the time she calves, is more than thrice that of a cow.
3. A good cow will give even more milk than a buffalo.
4. A buffalo feels the heat and cold much more which results in the deterioration of the milk yield ; but that is not the case with a cow.

The only point in favour of keeping a buffalo is that she gives a much higher percentage of fat than a cow ; but a good cow beats a buffalo even in that respect. Moreover, the vitamin value of cow's milk is higher than that of a buffalo :

	A	B	C	D	E
Cow	XXX	XX	X	X	X
Buffalo	XXX	X	X	X	

Thus cow's milk has more of the B vitamin than buffalo's milk which has no E vitamin at all.

TANNING AND LEATHER WORK

Besides dairying, each village, or a group of villages could start a tannery for manufacturing chappals, shoes, suit-cases and other leather goods. The hides and skins of dead cattle of the village could be utilized for the purpose. It is estimated that as many as 13 million of cattle die every year in India. At present, a dead animal is a burden to the owner who has to incur some expense to remove it. Hide is sought after by the Chamars. But the rest of the carcass is a waste causing nuisance to the locality. The method of indigenous tanning by the Chamars is, moreover, not scientific. If village tanneries are started on scientific lines, they could serve as economic subsidiary industries in our villages. Useful articles could also be prepared from the hair, bones, horns, teeth, hoofs, tissues, fat, blood and guts of the dead animals. The tannery of Nalwadi Ashram at Wardha, has been carrying on successful experiments in this direction.*

* Unhappily, the tannery is, at present, in Government's possession.

FRUIT CULTURE

Fruit industry has been greatly neglected in India. So far as necessary statistics are available, the area under fruit is about 2·5 million acres. Having a diversity of climate, India grows almost all kinds of fruits known the world over. But fruit culture is, at present, in ignorant and untrained hands. If, side by side with agriculture and dairies, orchards are planted and developed in the villages, the farmers will not only get fresh fruits for their diet, but will also be able to add decently to their meagre incomes.

There is, no doubt, considerable scope for the fruit preservation and canning industries in our country, specially in the rural areas.

VEGETABLE GARDENING

The nutritive value of green leafy and non-leafy vegetables cannot be over-estimated. At present, the growing of vegetables by farmers is haphazard and unscientific. There is, therefore, considerable room for improvement.

FOREST INDUSTRIES

The total area under forests is about 89 million acres. This represents about 1/7th of the total area of British India. The economic potentialities of forest resources in India have not yet been fully explored. Systematic research work is needed for the adequate development of forest industries, like the making of paper pulp, extraction of turpentine, oils, gums, resins and dyeing materials.

IX

COTTAGE INDUSTRIES

As has already been emphasized in previous chapters, the chief objective of National Planning in India should be the attainment of maximum self-sufficiency in Village Communities, at least in regard to the consumption-goods industries. The units of self-sufficiency will, of course, vary with different industries. In some cases, the unit may be a village or a taluka ; in others, a district or a division, or even a whole province may

constitute a self-sufficient economic unit. The following cottage industries shall occupy an important place in the Indian rural economy :

(a) *Khadi*—Spinning and weaving have been the national industries of India from ancient times. Mummies in the Pyramids, dating from 2,000 B. C., have been found swathed in finest Indian muslin. Kautilya's *Arthashastra* contains several detailed references to the practice of spinning and weaving. The fineness of Indian hand-spun and hand-woven cloth had won world-wide fame and admiration. The ladies of Rome's Imperial Courts delighted to deck themselves in Indian silk. In 73 A.D., Pliny seemed well-informed of the trade and cloth manufacture of India, and he spoke highly of the superior excellence of the Bengal (and specially Dacca) muslins. Tavernier, a French traveller, who visited India 6 times during the second and third quarters of the 17th century, tells us in his *Travels in India* how Muhammad Ali Beg, when returning to Persia from his embassy to India, presented Shah Safe " with a cocoanut of the size of an ostrich's egg, enriched with precious stones, and when it was opened, a turban was drawn from it, 60 cubits in length and of a muslin so fine that you would scarcely know what it was that you had in your hand." Even in the pre-British period, spinning and weaving were universally followed as a part-time work to supplement the incomes of the farmers. How this great national industry was intentionally and cunningly destroyed and rooted out by the East India Company is a sad tale of sighs and woe. How the untold tyranny of the Company's servants compelled the Dacca muslin weavers to cut off their thumbs is a tragic story which this country can never forget. But it will be foreign to the purpose of this brochure to go into these details of national history. Suffice it to say that the Khadi industry occupied a proud place in our national economy till the advent of the British merchants, who, later, became rulers of this hapless land. Spinning is now almost completely extinguished. Handloom weaving of mill-yarn is still common. But the dependence of weavers on spinning-mills is fraught with danger. The mill-owners can wipe out the weavers at any time with one stroke of concerted policy.

Thanks to the untiring and continuous efforts of Gandhiji, the national industry of Khadi manufacture is once more being gradually revived. The work of the All-India Spinners' Association has, indeed, been very useful and creditable. The Report of 1940 indicates that 95,51,478 Sq. Yards of Khadi were produced by almost 2,75,000 spinners and weavers scattered in over 13,450 villages. The total amount of wages received by the spinners and weavers stood at Rs. 34,85,609/-.

"But the mission of Khadi is not merely to supply the towns people with fashionable Khadi that will vie with the mill manufactures and, thus, like other industries, supply a few artisans with employment ; but it is to become a supplementary industry to agriculture. In order that it may fulfil this mission, it has to be self-sustained and its use must spread in the villages. Just as the villagers cook their own roti or rice, so must they make their own Khadi for personal use. The surplus, if any, they may sell."*

The All-India Spinners' Association has supplied me with facts and figures which prove beyond a shadow of doubt that our villages can be not only self-sufficient in respect of cloth, but can also produce surplus Khadi for towns. The calculations are as follows :—

The average population of an Indian village is calculated at 500. At the rate of 20 yards a year, the total Khadi required for a village will be 10,000 yards. Four 'gundis' of yarn are required for weaving one square yard of cloth. At this rate, 40,000 gundis will be necessary for producing the required cloth for a village. Ordinarily, a person can spin one gundi of yarn of say, 16 counts in 3 hours. The whole village, therefore, will have to spin for only 120,000 hours. Assuming that there are 25% incapables,—including children under six, infirm, invalid and crippled persons,—375 inhabitants will have to spin for the whole village. One person will, thus, be required to spin for only 320 hours during the year. This means that if each able-bodied person spins for about an hour per day, they can easily produce the required cloth for the village. But, if they like, the villagers, including women and the children

* *Economics of Khadi*, page XIV of the Introduction.

of Basic Schools, can spin on an average for two hours a day. Thus the Indian villages can not only be self-sufficient in regard to cloth, but also produce surplus quantity for the use of towns.

The equipment required for the production of Khadi is comparatively very cheap. As regards weaving, one weaver is able to weave 6,000 gundis during a year. Seven weavers, therefore, will be sufficient to weave the cloth for the whole village.

(b) *Paper Making*—Next to food, housing and cloth, paper consumption is supposed to be the fourth most important necessity in modern life. From this point of view, the importance of paper-making as a cottage industry cannot be over-estimated. The All-India Village Industries Association has been trying to revive and organise this industry in various provinces on scientific lines. Paper-making is a simple industry needing little equipment and within the capacity of women and children in the home. It is not intended to make hand-made paper compete with machine-made paper, but, if carried on, it can easily bring some wealth to the villagers. The following raw materials can be used for paper-making :—Cotton wastes and cotton rags, sunn-hemp, linseed fibre, jute wastes, rice straw, bamboo, plantain-stem fibre, sugar-cane stalks and thrash, paper waste and grass.

(c) *Oil Extraction*—Despite the progress of oil mills in this country, the indigenous oil-presses or *Ghanis* have been able to hold their own, so far. This industry requires little equipment and if its use is encouraged in our villages, it can not only enable the agriculturists to add to their meagre incomes, but also provide them with more nutritive oil. Scientific experiments have shown that the mill-oil possesses less vitamins than the *Ghani* oil. The All-India Village Industries Association has tried to improve the various types of village *Ghanis* that exist in different provinces at present. Although mill-oil may be comparatively cheap than *Ghani*-oil, on account of the advantages of large-scale production, it is in the larger interests of the villagers to use their own *Ghani*-oil, and instead of sending

their money into the pockets of the capitalists, provide subsidiary employment to their own village folk.

The A.I.V.I.A., has also invented a new type of lantern called the 'Magan Dipa' which consumes Til or Linseed oil. With the development of indigenous oil industry in the villages the use of kerosene oil in the hurricane lanterns could also disappear.

(d) *Paddy-husking*—It has been conclusively proved that polished rice loses considerable food value in the process of milling. As the Government of India's Health Bulletin No. 28 points out, rice, when milled, loses the outer layers which contain more protein, mineral salts and vitamins than the starchy inner parts of the grain. Deficiency of specially vitamin B produces very serious consequences. The prevalence of beriberi is mostly due to the deficiency of vitamin B in polished rice. The contents of protein, phosphorus, calcium and iron in hand-pounded rice are also superior to those of machine-milled rice. Moreover, the cost of hand-pounding as compared with machine-milling is almost identical so far as unpolished rice is concerned. Even from the economic point of view, therefore, it is advisable to encourage paddy-husking industry.

Unfortunately, the progress of rice mills in India has been quite alarming. They have not only undermined the health of the people, but have also ousted a considerable number from employment. It is, therefore, desirable that the State should abolish rice mills, or, at least, rigorously restrict their scope and market. The State should also see that mill-husking is less complete than what it is at present. Rice being the staple food of millions of our people, the State cannot afford to neglect this important problem. The following figures* will make my statement clear :—

	Hand-pounded Rice	*Machine-pounded Rice*	*Loss per cent.*
Phosphorus Content	0.23	0.13	54
Calcium Content	0.043	0.013	70
(Bengal Varieties) Iron Contents	2.2	1.0	55

* *Rice*, published by A. I. V. I. A., Page 47.

dependence of village communities on a power supply whose distant source may be beyond their immediate control.

The real potentialities of electric power have not yet been sufficiently explored in India. There is much scope for expan sion and development. The following statistics will give us an idea of the low output of electricity in our country:

Electric Power Output (In millions of Kwtts.)

Country		*1930*
U.S.A.	......	120,000
Germany	....	30,661
U.K.	....	16,620
Japan	....	13,957
Australia	....	2,436
India	......	976

It is wrong to assume that electricity generated from water is always cheaper than the electricity generated from coal. Hydro-electric power operating on the Grid System must be related to a sufficient load in order to be cheap. Moreover, Hydro-electric installation is not only costlier than Thermal electricity but also takes longer time to construct. The use of these two types of electric power will have to be determined in accordance with the particular conditions prevailing in different localities and regions.

State Ownership.—There will be adequate scope for private or co-operative enterprise and initiative in the organisation of village industries which will supply in a large measure the consumers' goods to the villages as well as towns. But it is one of the corner-stones of this Plan that the basic and key industries shall be owned and managed by the State in the interests of the nation as a whole. The key industries are meant to be beneficial to the whole country and, as such, cannot and should not be left in private hands. The cottage industries, though not state-owned, will not provide much scope for the 'vested interests.' Hence under this Plan, there will scarcely be any chance for Indian or foreign capitalists to exploit India for their own selfish ends.

PERIOD OF TRANSITION

The general policy of the State towards large-scale and basic industries during the period of transition shall be as follows :—

(a) If it is not possible to purchase or acquire private establishments all at once, they should, for the time being, be put under rigid control and supervision of the State as regards the prices of goods, profits, conditions of labour and competition with cottage industries.

(b) No further expansion of such industries under private control shall be allowed under any circumstances.

(c) All foreign business establishments shall be gradually purchased by the National Government. Only those concerns shall be allowed to function during the transitional period which are completely under Indian control, so far as their direction of policy and management are concerned. The present cunning policy of foreign companies to add '(India) Limited' after their names shall no longer be allowed to deceive the unwary public.

(d) The large-scale consumers' goods industries like textile, oil, sugar, paper and rice mills shall be allowed to continue, provided they fall in line with the strict discipline and control of the State. They shall not be permitted to compete with the corresponding cottage industries. They shall exist only so long as the village industries are not able to produce the required quantities of these consumers' goods.

XI

PUBLIC UTILITIES

Besides the development of cottage and key industries, the following Public Utility services shall receive adequate attention of the National Government :

(1) Transport and Communications.
(2) Public Health and Sanitation.
(3) Education.
(4) Banking and Insurance.

(5) Statistics and Research.

Let us deal with these, one by one.

TRANSPORT AND COMMUNICATIONS

Under this head, we shall have to consider the problems of railways, roads, inland waterways, coastal shipping, air-transport, postal and telegraphic facilities.

Railways—The total route mileage of railways on 31st March 1942 was made up of—

Broad-gauge	20,648
Metre-gauge	15,968
Narrow-gauge	3,860
Total	40,476

It must be admitted that, as compared with other countries, the mileage of railways in India is quite low. Moreover, the construction of railways has been haphazard without a proper and systematic survey of the rural economic needs of the country. The main objective of railways in India has, so far, been to assist the British trade by draining raw materials from the land, and carrying British manufactures into remotest villages. This policy has brought about the ruin of Indian trade and industry, to a great extent. The flow of goods has been carefully controlled and manipulated by discriminating and preferential railway rates. The goal of maximum self-sufficiency, as adumbrated in this Plan, will reduce the strain on national transport to a considerable extent. But it may still be necessary to extend railway facilities in some parts of the country. The National Government shall regulate and control railway traffic in the interests of the masses, and not to suit the convenience of Indian or foreign capitalists. Railways shall not hinder but help the cottage industries by supplying them with cheap raw materials and facilitating the sale of their surplus produce.

Roads—The grand total of mileage of extra-municipal roads maintained by public authorities in India, including Indian States, was 347,132 on March 31, 1938. That it is desirable

to increase the mileage of roads in India will be evident from the following statistics :—

Comparative Statement showing road mileage to the square mile.

Japan	3·00
U. K.	2·00
Germany	1·19
U. S. A.	1·00
British India	0·18

The development of roads in India has been, more or less, without any definite plan. That is why there is considerable duplication of roads and railways, so much so that about 30% of the metalled roads in India are parallel to railways. This needless over-lapping may be due to commercial and military considerations. Nevertheless, the fact remains that the road policy of the Government of India has not kept in view the needs of rural economy.

The future development of roads in this country, therefore, must be primarily helpful to the poor farmer and the village artisan by promoting his economic welfare. From this stand-point, particular attention should be devoted to the construction of subsidiary roads, connecting the villages with the main roads, so that the agriculturist could find a remunerative price for his produce in the nearest market town. Since the main vehicle of transport in rural areas is the bullock-cart, it is not essential to have *pukka* roads for them. Such roads will not be comfortable to the agriculturist because of the iron-tyred carts. The proposal that the village carts should be provided with pneumatic tyres is unsound because it is uneconomical from the viewpoint of the villager.* In our enthusiasm for better roads, we should also not forget that carting is a subsidiary occupation in rural areas and the farmers should not be deprived of this source of supplementary income by constructing metalled roads for motor-bus services. Besides the provincial or district councils, the Village Panchayats should be entrusted with the responsibility of bearing partial costs of the maintenance of such feeder roads.

* See Prof. Kumarappa's article on the subject, *Harijan*, 3-10-1936.

Inland Waterways—With an increase in the number of canals for providing better irrigation facilities, the use of these inland waterways as cheap means of transport shall also be developed and encouraged by regulating rates of railways so as not to allow them to compete with river and canal traffic. Such competition will, of course, automatically disappear when all means of communication are owned and managed by the State. The Government have so far not paid sufficient attention to the development of inland waterways because the railways provide better opportunities for the profitable investment of British capital. Needless to mention that the use of waterways would be cheaper and hence more profitable to the Indian agriculturists.

Coastal Shipping—With a coastline of over 4,000 miles, India enjoys great possibilities of cheap coastal shipping. With a view to promoting such transport, it will be necessary to eliminate foreign Navigation Companies which are, at present, competing with Indian Shipping concerns. Even the Indian shipping companies shall have to be gradually purchased and owned by the State in order to regulate transport in the interests of the nation.

Besides coastal shipping, India should also develop its Mercantile Marine which was its glory in the past. For the purposes of international trade, it is desirable that we should depend on our own means of economic transport.

Civil Aviation—In the Post-war world, Air Transport is bound to occupy a prominent place, and India shall not be able to resist its expansion. Although aeroplanes will have a very limited use as means of transport, they will be increasingly popular as vehicles of travel and postal communications. Air navigation, being owned and controlled by the State, shall be largely restricted to urban areas.

Postal and Telegraphic Facilities—The means of communication within the country require improvement and extension. To this end, the postal, telegraphic and even telephonic facilities shall be extended with special attention on the needs of rural areas.

PUBLIC HEALTH

It is admitted on all hands that the present standard of health in India is very poor. Epidemic diseases, such as smallpox, typhoid, dysenteries, cholera and malaria are widespread. Out of 6,165,234 deaths in 1939, malaria accounted for 1,411,614, smallpox for 48,103, cholera for 97,566 and dysenteries for 260,300.* Tuberculosis is spreading and each year presents a more menacing problem. Nutritional diseases due to mal-nutrition are also omni-present. As a British journalist recently remarked, India is a veritable " microbes' paradise."

The following figures would give us a comparative idea of the low health of our country :—

	Expectation of life. (Years)	
	Male	Female
U. S. A.	60.60	64.50
U.K.	60.18	64.40
Germany	59.86	62.81
Australia	63.48	67.14
Japan	46.92	49.63
India	26.91	26.56

The methods of ameliorating public health in India fall under two distinct heads :—

1. Preventive measures, like sanitation, water-supply, housing, maternity and child welfare.
2. Curative treatment, like the provision of adequate medical facilities through hospitals and dispensaries.

Sanitation, Water-supply and Housing—" Divorce between intelligence and labour has resulted in criminal negligence of the villagers. And so, instead of having graceful hamlets dotting the land, we have dung-heaps. The approach to many villages is not a refreshing experience : obviously one would like to shut one's eyes and stuff one's nose, such is the surrounding dirt and offending smell."† Proper instruction in regard to sanitation, health and hygiene will, therefore, have to be imparted to the villages by the Village Panchayats. This

The Health of India by John. B. Grant, p. 8.
Constructive Programme by M. K. Gandhi, p. 12

kind of instruction should form an integral part of basic and adult education. The habit of digging pits for dirt and refuse will have to be inculcated. This will not only improve village sanitation, but also provide rich manure for the fields. The use of trench-latrines should be taught and encouraged. The standard of municipal sanitation in urban areas also leaves much to be desired.

The facilities of adequate water-supply, both in towns and villages, will have to be improved and extended. It is estimated that out of 1,471 towns in British India in 1939, only 253 towns enjoyed proper facilities for water-supply. This is, undoubtedly, inadequate. The position in villages is much worse. The water of dirty pools and wells is used both for washing and drinking purposes. The cattle as well as human beings share their needs of water almost on an equal footing. Consequently, various epidemics take a heavy toll of life.

The need for cleaner and better-ventilated houses cannot be overlooked. The State should supply to Village Councils or Panchayats model plans of simple but convenient houses for the guidance of villagers. Co-operative Housing Societies could do considerable work in this direction. With an increase in their incomes, the village folk will be able to incur sufficient expenditure for improved housing conditions.

Maternity and Child Welfare—The following figures leave no room for doubt that the infantile mortality in India is very high :

	(Per 1,000 births)
India	167
Japan	114
Canada	61
Germany	60
U. K.	53
U. S. A.	48
Australia	38

This heavy rate of mortality is partly attributable to the custom of early marriage which impairs the vitality of the mother and, therefore, of the child. But the basic cause is, unmistakably, the grinding poverty of the masses.

The second peculiarity in connection with the Indian death-rate is the excessive mortality among women of child-bearing age. Many girls die during child-birth or contract Tuberculosis after delivery.

Hence, apart from the general problem of raising the standard of living, it shall be incumbent on the National Government to establish numerous Maternity Clinics, both in towns as well as villages. These Clinics shall impart general knowledge to women about the art and science of child-bearing. The system of maternity welfare in Soviet Russia is, perhaps, the best in the world.

Akhadas and Sports—It should not, however, be forgotten that the best way to prevent diseases is to improve the general health of the nation. This should be done by establishing numerous *Akhadas* all over the country. *Swadeshi* games and sports which are both cheap and health-giving should be revived and encouraged.

Hospitals and Cottage Dispensaries—As regards curative measures, it will be necessary to establish more and better equipped hospitals in towns and cottage dispensaries in rural areas. The example of U. S. S. R. in this respect is, again, worth emulating. In India, the number of hospitals and dispensaries stands at about 7,000 only. The number of practising doctors is estimated to be about 42,000, which means one doctor for 9,000 persons. This total is less than Japan's for a population approximately the same as Bengal. Even if we calculate the number at the rate of 1 doctor per 2,000 of the population, India would require 200,000 doctors. The total number of nurses is only 4,500, *i.e.*, 1 nurse for 86,000 persons. In Great Britain, with only 1/8th of India's population, there are 109,500 nurses and 61,420 doctors, *i.e.*, 1 nurse per 435 persons and 1 doctor per 776 persons.

Arrangements for training the personnel is, thus, an urgent problem, and the Indian National Government will have to tackle it in all seriousness with special reference to the needs of rural areas. Every village must have a cottage dispensary under the management of the Panchayat and under the supervision of the Provincial Government.

Systems of Treatment—In developing medical facilities in India, special care should be taken by the State to patronize indigenous methods of treatment like the Ayurvedic and Unani systems. Continuous research work must be carried on by the State in order to evolve these indigenous systems specially for the villages which cannot afford to spend substantial amounts on Allopathic medicines. Besides Ayurvedic and Unani systems, Homoeopathy, Bio-Chemistry and Naturopathy should also be encouraged and developed. These methods of treatment are convenient and cheap, and hence more congenial to Indian conditions. It must, however, be recognised that Allopathy need not and cannot be banished altogether. A judicious combination of all these systems will, therefore, be desirable.

EDUCATION

According to the 1941 Census, only 12% of the population in India is literate. The figures of literacy for a few other countries are :—

	Year	Percentage.
U. K.	1921	76·1
U. S. A.	1920	74·5
Canada	1921	71·6
Germany	1925	80·5
France	1926	80·1
Japan	1925	71·7

The urgent need of expanding education in India, therefore, needs no argument.

It will be better to treat this subject under five heads :—

1. Infant education.
2. Basic education.
3. Secondary education.
4. University education.
5. Adult education.

Infant Education—Education of children in the Pre-Basic stage has, so far, received scant attention in our country. Thanks to the untiring efforts of the late Acharya Gijubhai, Gujarat is, perhaps, the only province where infant education has made considerable headway. Although 'home' is and should be the best infant school, the fact remains that most

parents are not able to pay adequate attention to the education of their children between the ages of 3 and 6. It is, therefore, necessary to organise infant education all over the country by establishing ' Bal Mandirs '. The Montessori and Kindergarten methods are expensive for a poor country like India. It should be possible to adapt these systems to Indian conditions by devising simple but educative apparatus.

Basic Education—The present system of primary education is a farce designed without regard to the wants of the India of the villages and, for that matter, even of the cities. " Basic education links the children, whether of the cities or the villages, to all that is best and lasting in India. It develops both the body and the mind, and keeps the child rooted to the soil with a glorious vision of the future in the realisation of which he or she begins to take his or her share from the very commencement of his or her career in school."*

The Wardha Scheme of Education lays down that basic education, being free and compulsory, should last for 7 years and should include the general knowledge gained up to the Matriculation standard less English and plus a substantial vocation. For the all-round development of boys and girls, all training should, as far as possible, be given through a profit-yielding vocation. In other words, vocation should serve a double purpose—to enable the pupil to pay for his dues through the products of his labour and, at the same time, to develop the whole man or woman in him or her through the vocation learnt at school. Land, buildings and equipment are not intended to be covered by the proceeds of the pupil's labour.† Needless to mention that the Wardha Scheme of Education, with its main principle of learning through activity, has been endorsed by eminent educationists all over the world. Even the Government of India have accepted it as the only kind of mass education suitable for a poor country like India.

The management of basic schools should vest in the Village Panchayats. The towns will also have basic schools, although their basic crafts may be different from those of the rural schools.

* *Constructive Programme*, p. 13.

† *Harijan*, 2-10-1937.

Secondary Education—The Secondary Education shall be a continuation of the Basic Education and shall impart advanced technical knowledge for 3 years in the crafts already learnt in basic schools. The principle of *correlation*, will, of course, continue in the secondary and even higher stages.

It must, however, be emphasized that secondary education should constitute a self-sufficient unit, and ought not to be regarded as merely a preparation for colleges.

University Education—There are, at present, 18 Universities in India with a total enrolment of 176,291 students.* 'The vast amount of the so-called education given in our colleges, is sheer waste and has resulted in unemployment among the educated classes. What is more, it has destroyed the health, both mental and physical, of the boys and girls who have the misfortune to go through the grind in the colleges.'† The present system of higher education, therefore, needs a radical change.

University education should be devoted mainly to research work and higher technical knowledge of different subjects. The State Universities should train specially those youngmen whose services may be required by the State. For example, Training Colleges for doctors, nurses, teachers, engineers, rural workers, etc., should be started by the National Government. For all other branches of learning, private enterprises should be encouraged. Some of the State Universities should be mainly Examining Bodies, self-supporting through the fees charged for examinations.‡

Medium of Instruction—With a view to avoiding colossal waste of national energy, the medium of instruction, at all stages of education, must be the mother-tongue. "The English medium has sapped the energy of the nation, it has shortened the lives of the people. It has estranged them from the masses; it has made education unnecessarily expensive. If this process is still persisted in, it bids fair to rob the nation of its soul. The sooner, therefore, educated India shakes itself free from the hypnotic spell of the foreign medium the better it will

* *Mr. John Sargent's Report*, Appendix Table D.

† *Harijan*, 9-7-1938.

‡ *Ibid.*

be for them and the people." In the post-war world, let us hope, India will enjoy political freedom. If we are unfortunately not liberated from the English domination, we must at least be freed from the tyranny of the English medium of instruction.

For a detailed study of this problem, the reader is referred to my brochure, *The Medium of Instruction.*

Adult Education—Merely teaching of the three R's is not enough for Adult Education. Literacy is a means and not an end. The aim of adult education should be to raise the economic and cultural level of the people—economic, because without arousing their interests in everyday economic life, the masses shall not be able to continue their study for study's sake.

" It is a good pedagogy from several viewpoints to begin with the economic phase. A man learns best when his interests are keenest ; and his needs determine his interests."* Hence, adult education for the masses must have a definite economic bias ; it should enable the people to improve their economic condition by learning through some craft or profession. As in basic education, the medium of instruction for adults should also be a productive economic activity. In the process of learning a particular craft well, the adults would not only pick up the knowledge of the three R's, but shall also imbibe sufficient knowledge of health, hygiene, sanitation, civic rights and co-operative effort.

Needless to mention that the ignorant adults should be supplied with useful and cheap literature on various topics of practical interest. In the absence of such suitable literature, they are bound to lapse into illiteracy. There can be no two opinions on the need of having good teachers who are imbued with the spirit of national service.

The revival of indigenous theatre, folk-dance, folk literature, and community music should form an integral part of Adult Education.

* *Masters of Their Own Destiny*, by M. M. Coady, p. 112.

BANKING AND INSURANCE

The execution of any large-scale economic Planning in India will, of necessity, require huge amount of capital specially for providing long-term credit facilities for various purposes. This will necessitate an extension of Banking organisation which should not be left in private hands. National Banking should be owned and controlled by the State in public interests. It should have a special department for rural areas on the lines of 'the Farmers' Bank' in China. With the progress of economic Planning, the scope for Insurance, specially Agricultural Insurance, shall be enormous. The field should not be left to private enterprise but ought to be managed by the State, in the larger interests of the nation. The State will have either to purchase the existing Insurance Companies and Banks or to strictly control and supervise their business, specially in regard to the rates of interest and fields of investment. It is of great moment that the nation, instead of becoming a helpless spectator of the cunning jugglery of Financiers and Bankers should be able to manage its own house according to its vital and real needs.

STATISTICS AND RESEARCH

The existing machinery for the collection of useful economic, technical and scientific statistics is very defective. For example, there are, at present, no sufficient data regarding internal trade, fruit and vegetable production, dairy farms, cattle wealth and cottage industries. Even the data that are available cannot be regarded as very correct and reliable. As the Bowley-Robertson Report pointed out, the need for improving the present machinery of statistical information is imperative. The establishment of a Bureau of Survey and Statistics directly under the National Government with its branches in all provinces is, therefore, essential.

Moreover, the prevailing system of statistical calculations needs a radical change. The method of finding the averages is, to say the least, highly deceptive and illusory. For example, by increasing, say, 10 times the incomes of a small section of moneyed people in the country, it could be proved statistically

that the *per capita* income has improved. But the poor masses will remain where they were, wallowing in their abject poverty. Similarly, to say that the *per capita* consumption of cloth in India is 16 yards, is a mockery of truth. We know, that the minority wears hundreds of yards of cloth every year, while the majority goes naked or half-naked. Our statistical calculations should, consequently be more realistic and should present before our minds a true picture of economic conditions.

The organisation of research work in India is hopelessly inadequate. In order to plan for the nation on sure and sound foundations, it is indispensable to arrange for scientific and technical research in the domains of agriculture, industries, commerce, transport, trade, health, education, etc. The Research Department should be directly under the National Government with its branches in different provinces.

XII

TRADE AND DISTRIBUTION

INTERNAL TRADE

The organisation of, more or less, self-sufficient economic units in the country will reduce the need for trade to the minimum. Internal trade, therefore, should be so conducted as to provide for local consumption of the greatest possible portion of the total produce. This will avoid exploitation by middlemen, maintain a measure of price stability and minimise the strain on country's Transport system, Banking service and Currency.

As has been pointed out earlier, the regional units of economic self-sufficiency will differ with different commodities. In some cases, the unit may be a village or taluka ; in other cases, it may be a district or even a province. Ordinarily, however, a fairly big village or a group of villages within a radius of, say, 5 miles could be self-sufficient so far as, at least, the necessaries of life like food, clothing and housing are concerned.

The regional economic units need not conform to the present boundaries of provinces which are irrational and unscien-

tific. The provinces will have to be re-distributed on the basis of linguistic and economic considerations.

Restricted internal trade will take place between different economic units, mainly with the direction and control of various village communities on the basis of mutual interest. Private individuals could also be authorised to carry on internal trade, of course, under the control of the State as regards prices, margin of profits and extent of markets. A regional economic unit shall export only those commodities of which it has a distinct surplus or which can be produced or grown only there ; it shall import only those goods which it cannot produce but must possess as some of the necessaries of life. For example, cotton, which is necessary for the production of cloth, cannot be grown everywhere. Cotton-growing areas will, therefore, have to export cotton to those areas where it cannot be cultivated. At present, cotton is grown mainly as a commercial crop. But, with research and experiments, it should be possible to grow cotton in several other parts of the country from the viewpoint of maximum self-sufficiency. " It must be the aim of planned economy to do away with every avoidable act of exchange of commodities or services in order to economise national energy."* The traditional distinction between producers and consumers will be gradually eliminated. Producers shall also be the consumers and *vice versa.*

DISTRIBUTION

With localisation or regionalisation of production and consumption, the problem of distribution will be greatly simplified. The round-about method of distribution in a centralised Socialist State will be unnecessary in a system of decentralised cottage industrialism. In the absence of such self-adjusting, automatic and equitable system of distribution, even a substantial increase in the aggregate National dividend would materially affect only a fraction of the rich population by making it richer.

With decentralisation of production in small self-sufficient economic units, and the owning by the State of the basic indus-

* *Principles of Planning*, by K. T. Shah, p. 89.

tries and public utilities, the rentier class shall have scarcely any place in national economy according to this Plan. The economic ills relating to Interest and Profits will largely disappear, resulting in a lesser disparity of incomes.

POSITION OF TOWNS

The following statistics would give us an idea of the distribution of rural and urban population in India :—

	1941		1931		Percentage of population.	
	Places	Population (Million)	Places	Population (Million)	1941	1931
Total Population	658,595	389.0	666,924	338.1	100	100
Rural areas	655,892	339.3	664,444	300.3	87	89
Urban areas	2,703	49.7	2,480	37.4	13	11

Thus the percentage of the urban population to the total is only 13. According to the 1941 census, there were only about 40 towns in India having a population of more than a lakh. The percentage of urban population ranges from 2·8 in Assam to 26·0 in Bombay, which is the most urbanised of the major provinces. Compared to this, the urban population in France is 49%, in Northern Ireland 50·8%, in England and Wales 80% and in the U. S. A. 56·2%.*

The problem of urban congestion is comparatively insignificant in our country. Only the following points have to be borne in mind in regard to the future of towns of India :—

(a) No further increase in the number of towns is to be encouraged in order to avoid congestion and centralisation of production.

(b) The present towns should be better planned through Improvement Trusts, from the viewpoints of health, sanitation, recreational facilities, education, trade and industries.

(c) Large-scale and even key industries should not be concentrated in towns, as at present ; they should be decentralised in the neighbouring villages.

* *Indian Year Book*, 1943-44.

(d) Towns should not be allowed to produce those consumption goods which could be easily manufactured in villages. The industries of towns should only supplement the production of village industries. Towns should play mainly the role of market places and clearing houses for village products.

(e) Even from the standpoint of maximum self-sufficiency, the towns should depend for their necessaries on the neighbouring villages rather than on distant towns and provinces. The size of the unit of economic self-sufficiency for towns will depend on their existing populations. Of course, in cases of the failure of crops, floods or other emergencies, these small economic units will have to be modified and enlarged.

This will mean a reversal of the existing process. At present, the economic drain is from the villages to the towns. The direction of economic flow, according to this Plan, will be from the towns to the villages.

INTERNATIONAL TRADE

As the aim of Planning will be to attain maximum national self-sufficiency, international trade shall be restricted mainly to the exchange of surpluses of different countries in terms of mutual benefit. Imports will be chiefly meant to make up the local deficit and satisfy the real and felt needs of the nation. The present system of international trade is primarily based on greed and exploitation, setting into motion the forces of imperialism, which, ultimately result in sanguinary wars. India, according to this Plan, shall not be a party to the economic exploitation of any weak nation on earth ; neither shall she allow other countries to exploit her. At the same time, India will not shun foreign trade *as such*. For example, she will not hesitate to import certain types of machinery, drugs and surgical instruments, if it is not possible to manufacture them here. Similarly, she will not turn down the requests of certain countries for the export of some special commodities which only she is able to produce. Such exchange will benefit both parties, and shall, consequently, be desirable.

"To reject foreign manufactures mainly because they are foreign and to go on wasting national time and money to provide manufactures in one's country for which it is not suited would be criminal folly and a negation of Swadeshi spirit."* On the other hand, to import certain goods which can easily be manufactured in our own country and provide employment to a large number of people, will be equally criminal and foolish. In a sanely planned world economy, there must not be any room for economic spoliation of weaker nations by means of dumping, and 'Imperial preferences,' backed by imperialist coercion.

Just as an individual or a village community should be the agent for internal trade, so a nation should be the agent for international trade. In other words, this Plan visualises that India's international trade shall be carried on and controlled by the National Government. It shall not be left in the hands of private traders and businessmen who cannot put the interest of the nation above their own selfish gains.

The doctrine of free trade is now dead as dodo. "Free trade may be good for England which dumps down her manufactures among helpless people and wishes her wants to be supplied from outside at the cheapest rate. But free trade has ruined India's peasantry in that it has all but destroyed her cottage industry. Moreover, no new trade can compete with foreign trade without protection."† It will be, therefore, necessary for India either to prohibit imports of certain commodities altogether, or to impose high protective duties upon those foreign goods. "To talk of no discrimination between Indian Interests and English or European is to perpetuate Indian helotage. What is equality of rights between a giant and a dwarf ? Before one can think of equality between unequals, the dwarf must be raised to the height of the giant."‡

XIII
LABOUR WELFARE

The interests of workers employed in agriculture, cottage industries, large-scale industries, key industries and public

* *Young India*, 18-6-1931.
† *Young India*, 15-5-1924.
‡ *Young India*, 26-3-1931.

utilities shall be carefully safeguarded by the State by suitable legislation regarding—

(a) A living wage.

(b) Healthy conditions of work.

(c) Limited hours of labour.

(d) Suitable machinery for the settlement of disputes between employers and employees.

(e) Protection against the economic consequences of old age, sickness, accident and unemployment. The principle of contributory insurance may be followed.

In terms of the Congress resolution on Fundamental Rights, the State shall adopt the following general policy :—

1. Labour to be freed from serfdom and conditions bordering on serfdom.
2. Protection of women workers, and specially, adequate provision for leave during maternity period.
3. Children of school going age shall not be employed in mines and factories.
4. Peasants and workers shall have the right to form unions to protect their interests.

Regarding the practical working of labour welfare and trade unions in accordance with Gandhian ideals, the work of the Textile Labour Association of Ahmedabad deserves careful study.

XIV
POPULATION PROBLEM

It is needless to deny that India, like many other countries of the world, has a real population problem to face. But the seriousness of the problem has often been overemphasized both by Indian and foreign economists and politicians. Mr. Amery had advanced the thesis that the Bengal famine was mainly due to the phenomenal increase of population in this country. Now Mr. Churchill asserts that the speed of increase of population in India has "exceeded any increase throughout the world." That these statements are erroneous will be evident from the following figures* :—

* *The Measurement of Population Growth* by R. R. Kuczuski.

Percentages of increase of population during 1881-1931.

England and Wales	50	Japan ..	74
Holland ..	90	U. S. A. ..	186
Australia ..	166	India (excluding Burma) ..	35
New Zealand ..	172		

It must, however, be mentioned that the increase of population in certain countries like the U. S. A., Australia and New Zealand has been partly due to immigration. But the fact remains that India is not faced with any *extraordinary* problem of increasing population.

It is true that economic planning involves certain amount of control of numbers. In the West, artificial methods of birth-control, are being employed freely. But Gandhiji's attitude to such unnatural methods is well-known. Birth-control, to him, is " a dismal abyss." " Assuming that birth-control by artificial aids is justifiable under certain conditions, it seems to be utterly impracticable of application among the millions. It seems to me easier to induce them to practise self-control than control by contraceptives."

" Artificial methods are like putting a premium upon vice. They make man and woman reckless . . .Adoption of artificial methods must result in imbecility and nervous prostration. The remedy will be found to be worse than the disease."*

The only practical and desirable method of checking undue increase in India's population is the education of the masses in self-control and continence. An improvement in their standard of living will also partly check the existing increase in numbers.

XV

PUBLIC FINANCE, TAXATION AND CURRENCY

The present system of public finance and taxation in India is top-heavy and inequitable ; it will, therefore, have to be radically recast.

* *Self-Restraint* vs. *Self-Indulgence* by M. K. Gandhi, p. 51.

There has been a striking growth of public expenditure in India during the last three decades. But as the late G. K. Gokhale pointed out :

> " An increase in public expenditure need not necessarily be a matter for regret or alarm. Everything depends in this matter on the nature of the purposes for which the increase has been incurred, and the results produced by such outlay of public money."
>
> " Taxation raised by a king," wrote R. C. Dutta, " is like the moisture of the earth sucked up by the sun to be returned to the earth as fertilising rain." " The moisture raised on the Indian soil now descends as fertilising rain largely on other lands, not on India."*

It will be impossible within the compass of this brochure to go into the details of various problems of public finance and taxation in this country. However, it is necessary to make special mention of the following points :—

(a) The incidence of taxation shall be equitable ; it shall not fall unduly heavily on the poor taxpayer.

(b) From this standpoint, there shall be, for example, steeper graduation of the existing direct taxes like the Income-tax and the Super-tax.

(c) Salt Tax shall be totally abolished.

(d) Income from Excise Taxes on intoxicants shall be done away with. Intoxicating drinks and drugs shall be totally prohibited, except for medicinal purposes.

(e) A graded tax shall be imposed on agricultural incomes above a reasonable minimum.

(f) Death Duties or Inheritance Taxes on a graduated scale shall be levied on property above a fixed minimum.

(g) In order to give maximum relief to the poor peasantry, there shall be a substantial reduction in the existing agricultural rent and revenue. The uneconomic holdings shall be totally exempted from the payment of rent.

(h) Old system of paying taxes in kind, specially in rural areas, shall be encouraged.

* *Economic History of India under British Rule.*

(i) There shall be a drastic reduction of Military expenditure, so as to bring it down to at least one-half of the present scale.

(j) Expenditure on Public Utility services, like health, education and research shall be increased.

(k) Expenditure on salaries in Civil Service Departments shall be largely reduced. No servant of the State other than specially employed experts and the like, shall be paid above a certain fixed figure, which shall not ordinarily exceed Rs. 500/- per month.

It will be interesting, in this connection, to study the following figures of salaries for certain important posts in different countries* :—

	(Per annum)
Prime Minister of the U. K.	£ 8,000
British Cabinet Minister	£ 5,000
President, U. S. A.	£ 15,000
Ministers, U. S. A.	£ 3,000
Governor-General of India, £20,000 plus allowances making a total cost of over	£130,000
Governor-General, Canada	£ 10,000
Governor-General, Australia	£ 8,000
Governor-General, Union of South Africa	£ 10,000
Governor, Indian Provinces—varying from £ 5,000 to	£ 10,000
State Governors of U. S. A.—varying from £ 1,000 to	£ 5,000

CURRENCY

A radical reorganisation of the currency system is needed. The State shall 'manage' national currency in such a way that the prevailing cash nexus is abolished. Money was primarily meant to be a medium of the exchange of commodities. But money itself has now developed into the most important commodity which bids fair to rob the people of their peace and happiness. The present system of currency and finance has

* *Harijan*, 21-8-1937.

grown so much complicated and incomprehensible that even the Governor of the Bank of England is forced to admit, "I do not understand it." A man-in-the-street has no option but to be a silent and helpless spectator of such a mysterious system. A farmer, even though he may grow the same quantity of harvest year after year, has to be at the mercy of price fluctuations, inflation and deflation, which are beyond his control.

The currency, thus, will have to be greatly simplified and made more rational. Being regulated and managed by the State or the representatives of the people, it shall not be allowed to play into the hands of the financiers and stock-brokers. The State will control exports, imports and international banking, and expand or contract the currency in accordance with the volume of internal trade and commerce. In this way, the stability of internal prices will be maintained. Like the Soviet rouble notes, Indian currency will operate over the whole range of buyers' transactions precisely as postage-stamps everywhere operate in the single commodity of postal service.*

As international trade shall be reduced to the minimum, internal currency will not be much disturbed by foreign exchanges and fluctuations of international price-levels. International trade shall be reduced to its original form of barter by paying for the imports with actual exports of commodities.

The need for internal currency shall be automatically curtailed with the re-introduction of barter system in national rural economy. The advantages of paying land rent and revenue in kind have already been discussed in connection with 'Land Tenures'. The village artisans, teachers, doctors and local officers could also be paid partially in kind as is done even now in most villages. Since internal trade will be localised to a great extent, the importance of currency and its consequent mischief will be substantially reduced. It would suffice for the villager to have some sort of commodity-index currency, the value of which shall be fixed in terms of certain quantities of consumption goods, like foodstuffs, cloth and milk. In this connection, the scheme of yarn currency tried at Gopuri (Wardha) will make an interesting study.†

* Webb's *Soviet Communism*, p. 1195.
† *Harijan*, 22-3-1942.

XVI

ADMINISTRATION

It has already been emphasized, that the pivot of this Plan is the decentralisation of production. This principle will, of necessity, apply to administration as well.

The smallest administrative unit shall be the Village Panchayat, with largest possible autonomy in internal affairs. A certain number of villages together, say, 10, will make up the next administrative unit which could be called Village Group Council or Gram-sangh Panchayat. This Council will co-ordinate the work of the villages under it. A number of such village-group councils would have a higher administrative unit corresponding to the present Tahsil or Taluka. Then there will be District Councils for several talukas. In case of towns, there will be Municipal Councils. Over the District and Municipal Councils, we shall have Divisional Councils and Provincial Assemblies. The Provincial Assemblies shall send their representatives to the Central Assembly which shall be the supreme administrative and legislative body of the whole nation. As regards elections, there shall be universal adult franchise in the Village Panchayats, and the elections shall be direct. But in the case of other higher Councils, there shall be indirect elections, each lower council electing its representatives for the next higher administrative body. Although the Village Panchayat shall be linked up with the Tahsil, District, Division, Province and the whole country, it will form the basic unit of national administration.

As regards the execution of this Plan of economic development, although there will be a Central National Planning Committee with its provincial branches, greatest emphasis will be laid on the resuscitation of Village Communities with the largest possible autonomy.

This is the barest outline of the proposed administrative system. It will be beyond the scope of this brochure to lay out a detailed constitution for the country.

XVII

THE BUDGET

So far, only the basic principles and some details of general policy have been discussed and explained. It is, now, necessary to study the financial implications of this Plan, *i.e.*, the approximate recurring and non-recurring expenditures and the various sources of income. All the estimates are in terms of pre-war prices.

ITEMS OF EXPENDITURE

(a) *Agriculture*—Let us first take up Agriculture. Compensation for the nationalisation of land may cost about 200 crores at the rate of 10 times the net annual rental of the acquired lands.* The reclamation of cultivable waste land of about 170 million acres will need a capital expenditure of nearly Rs. 350 crores at the rate of Rs. 20/- per acre. For checking soil erosion, a provision of Rs. 100 crores may be sufficient. Recurring expenditure on both these accounts will be approximately Rs. 5 crores each.

In 1938-39, the total capital outlay on the existing canals amounted to Rs. 153 crores. Supposing that the existing irrigation facilities are doubled, Rs. 150 crores will be required for the purpose. Construction of wells, tanks, etc., will mean an additional expenditure of, say, 25 crores. Recurring expenditure will be Rs. 5 crores. In 10 years, about Rs. 100 crores could be spent on experimental farms, which will also serve as model farms for villagers. Taking into consideration their annual income, the recurring expenditure on these farms will be roughly Rs. 25 crores.

Besides, the Government will have to provide for cheap credit facilities in order to enable the cultivators to purchase better implements, to improve their livestock, and to introduce other improvements in farming. Calculating at the rate of Rs. 4,000 for each village, the total capital required for financing agricultural improvements will be nearly Rs. 250 crores. This will, of course, be non-recurring, and will be recovered in about 20 years.

* *Principles of Planning* by K. T. Shah, page 37.

The total amount of capital required for agriculture during the period of this Plan will, thus, be—

(In Crores of rupees)

	Non-recurring	Recurring
Nationalisation of land ..	200 ..	—
Land Reclamation	350 ..	5
Soil Erosion	100 ..	5
Irrigation	175 ..	5
Experimental Farms ..	100 ..	25
Credit Facilities	250 ..	—
Total	1,175	40

With this expenditure, it is estimated that the income from agriculture will be doubled within a period of 10 years.

(b) *Rural Industries*—The greatest need of the rural industries is the provision of cheap credit facilities. It is estimated that Rs. 5,000 per village will be required for the development of allied industries to Agriculture and other cottage crafts. This amount will be advanced to the Village Panchayats or Co-operative Banks as a long term loan to be recovered in 20 years. The total non-recurring expenditure on providing such credit facilities for the rural industries will, therefore, be Rs. 350 crores.

(c) *Large-scale and Key Industries*—It is difficult to estimate with accuracy the capital needs of large-scale industrialisation in India. Definite figures of capital employed in the existing industries are also not available. According to Sir M. Visvesvaraya,* the total paid-up capital invested in Indian concerns is Rs. 750 crores, out of which about 300 crores are owned by foreign concerns. Out of the remaining Rs. 450 crores, we can assume that about Rs. 200 crores are invested in basic industries owned by Indians. The foreign industrial concerns and the Indian key industries will have to be purchased by the State in the course of 10 years. This will entail a capital expenditure of about Rs. 500 crores. If the State spends another Rs. 500 crores on the development of basic industries, including defence, the total capital required for the purpose will be Rs. 1,000 crores.

* *Prosperity through Industry*, page 7.

(d) *Public Utilities—*

1 *Transport*—The total capital invested in Indian Railways in 1938-39 was about Rs. 850 crores. This capital is now mostly owned by the State. Supposing there is 25% increase in the total mileage of railways during the period of 10 years, a fresh capital outlay of, say, 200 crores will be necessary. Recurring cost of maintenance will be Rs. 5 crores.

The present total road mileage is approximately 350,000 miles. It may be desirable to add 200,000 miles more, specially of unmetalled roads for rural areas. Calculating at the rate of Rs. 5,000 per mile, the total expenditure will be Rs. 100 crores, maintenance charges being Rs. 5 crores annually.

The gradual purchasing of foreign and Indian Shipping concerns has been provided for in the capital expenditure of Rs. 500 crores on large-scale and key industries. For developing coastal harbours and the existing shipping transport, Rs. 25 crores will be sufficient, to begin with. Rs. 50 crores may be spent on the development of Mercantile Marine during the period of this Plan. Maintenance charges for coastal shipping and Mercantile Marine will be about Rs. 5 crores.

Initial capital expenditure on the expansion of Civil Aviation, Postal and Telegraphic facilities, may be nearly Rs. 25 crores,

Total expenditure on transport will thus be :

(In Crores of rupees)

	Non-Recurring	Recurring
Railways	200	5
Roads	100	5
Coastal Shipping and Mercantile Marine ..	75	5
Air Navigation, Posts and Telegraphs ..	25	—
Total	400	15

2 *Public Health*—There shall be a cottage dispensary in each village with a Doctor and a trained Nurse for Maternity service. The cost of erecting a simple building with an area

of about 800 square feet would approximately be Rs. 600/-. The initial equipment will amount to nearly Rs. 500/-. This expenditure, which will be incurred by the Provincial Governments, shall amount to Rs. 75 crores. Half of the running expenses, including the salaries of the doctor and the nurse will have to be paid by the Village Panchayat ; the other half will be borne by the Provincial Government. Calculating at the rate of Rs. 1,000/- per annum on each village dispensary, half of this running expenditure for the whole country will stand at Rs. 35 crores.

For urban areas, there shall be a well-equipped hospital for every 10,000 persons. At this rate, at least 5,000 civil hospitals are required in Indian towns. Assuming that, at present, there are about 2,000 hospitals, provision will be made for 3,000 civil hospitals more. The building for each hospital of, say, 40 beds including Maternity facilities, will cost about Rs. 50,000. The total expenses on buildings will, thus, amount to nearly Rs. 15 crores. Recurring annual expenses on each hospital will approximately be Rs. 20,000. The total recurring expenditure will, therefore, be Rs. 5 crores.

The State will spend Rs. 10 crores more on establishing special hospitals for Tuberculosis, Leprosy, Cancer, Venereal diseases, mental disorders, etc.

For improving sanitation, water-supply and housing in rural areas, a capital expenditure of Rs. 100 crores should be incurred by the State. It is necessary to dig more wells in villages in order to provide healthy drinking water. Although the villagers themselves will bear the major expenses of improving their houses from the standpoint of sanitation and ventilation, the Provincial Governments should lend partial financial assistance for the purpose. If Rs. 2,000 are spent on improving sanitation, water-supply and housing in each village, an amount of about Rs. 135 crores will be required. Rs. 25 crores may be spent on improving water-supply in towns. Maintenance charges of water-supply facilities will be borne mainly by Village Panchayats and Municipalities. However, to begin with Rs. 5 crores may be provided for this recurring expenditure.

The total expenditure on public health will, therefore, amount to :—

	(In crores of rupees) Non-recurring	Recurring
Village Dispensaries ..	75	35
General Hospitals ..	15	5
Special Hospitals ..	10	—
Sanitation, Water-supply & Housing	160	5
Total	260	45

3 *Education*

(i) *Basic Education*—There shall be a basic school with if possible, all the seven standards, in every village. The cost of constructing buildings for basic schools in rural areas will be about Rs. 2,000 each. The total non-recurring expenditure on buildings in villages will, thus, amount to Rs. 132 crores. Half of this expenditure, i.e. Rs. 66 crores, should be met by the Provincial Governments. The other half would be contributed by the Village Panchayats, partly in the form of manual labour. For urban areas, about Rs. 14 crores could be spent on constructing new buildings for basic schools. Expenditure on equipment for basic crafts for both rural and urban schools may be estimated at Rs. 20 crores. The total non-recurring expenditure on basic education would, thus, be Rs. 100 crores.

According to the experiments carried out under the supervision of the Hindustani Talimi Sangh at Sevagram, it is easily possible to meet two-thirds of the teachers' salaries of basic schools out of the proceeds of manual work of students, especially when spinning and weaving are the basic crafts. One-third of the salary should be paid by the Village Panchayats in rural areas and by Municipal Councils in towns. However, Rs. 25 crores could be spent by the Provincial Governments on maintenance grants to the rural and urban basic schools in the initial stages of the Plan.

(ii) *Secondary Education*—An idea of the type of secondary schools contemplated in this Plan has already been given earlier. They will be, more or less, advanced technical high

schools imparting education through productive occupations. The Provincial Governments may have to spend about Rs. 25 crores on providing more buildings for such schools. The buildings of the existing high schools will, of course, be utilised with necessary modifications. Rs. 25 crores may also have to be provided for suitable equipment for basic crafts or industries.

As regards recurring expenses on salaries, etc., the secondary schools shall be able to meet about two-thirds of the expenditure out of the income from their productive work, as in the case of basic schools. The rest should be paid by the Provincial Governments. According to Mr. Sargeant's scheme, the number of students in these technical high schools will be about 10 million. Calculating at the rate of Rs. 55 per student every year, one-third of the recurring expenditure to be borne by the State will amount to nearly Rs. 20 crores.

It must, however, be clearly mentioned that the responsibility of arranging for sales of the products of basic and technical schools would necessarily lie on the State.

(iii) *Adult Education*—On the basis of the 1941 Census, the total number of illiterate adults to be made literate is about 175 million. The experiments carried on by Provincial Governments during recent years indicate that Rs. 4/- per adult would be necessary for spreading literacy in the country. At this rate, the cost of liquidating illiteracy for the whole of India would stand at Rs. 70 crores. As regards buildings, night classes for adults should be held in the local basic or secondary schools. In many cases, the basic school teachers themselves could hold these night classes.

The 'Little teachers' movement in China is pregnant with great possibilities. The children can become the 'little teachers' of their own parents and relatives. If this experiment is tried successfully, the expenditure on Adult Education will be almost negligible.

(iv) *University Education*—Although private enterprise should be encouraged in starting more Universities in India, the Government grants given to the existing colleges and Universities cannot be discontinued all of a sudden. Some provision for improvements in the present system of higher educa-

tion will also have to be made. For example, the introduction of mother-tongue media will entail additional expenditure on staff and the preparation of suitable text-books. The total recurring expenditure on University Education, more or less on the basis of Mr. Sargeant's figures, may be calculated at Rs. 5 crores per annum.

(v) *Training the personnel*—A huge amount of money will be necessary for training the army of efficient workers for bringing this Plan into being. Training Colleges for doctors, nurses, teachers, architects, engineers, social and village workers, cottage-industries experts, etc., will have to be established as early as possible. The assistance and guidance of foreign experts should be sought and utilized. It is difficult to estimate the actual recurring and non-recurring expenditure which will be required for this purpose. But during the period of this Plan, it will be reasonable to provide for Rs. 75 crores as non-recurring and Rs. 50 crores as recurring expenditure.

Besides money, the right type of youngmen imbued with the spirit of national service will have to be selected and trained. The training of workers, whether doctors, engineers or teachers, will have a definite rural bias, as about nine-tenths of the Indian population resides in villages. A host of youngmen who would try their best to identify themselves with the masses and work on low salaries, can alone make this Plan, and for that matter any plan, a real success. It goes without saying that only a truly National Government could inspire and enthuse our youngmen.

All told, the expenditure on Education would be :

	(In crores of Rupees) Non-recurring	Recurring
Basic Education ..	100	25
Secondary Education ..	50	20
Adult Education ..	70	—
University Education ..	—	5
Training the personnel ..	75	50
Total	295	100

(e) *Research*—The organisation of technical education for training workers will itself involve considerable research work. Out of Rs. 75 crores provided for training the personnel, a few crores will, naturally, be spent on research in various branches of national reconstruction. However, Rs. 20 crores more may be set aside for research work exclusively.

During the period of this Plan, the total amount of expenditure on different items would, thus, be :

	(In crores of rupees) Non-recurring	Recurring
Agriculture ..	1,175	40
Rural Industries ..	350	—
Key Industries ..	1,000	—
Large-scale and Key industries		
Public Utilities		
Transport ..	400	15
Public Health ..	260	45
Education ..	295	100
Research ..	20	—
Total	3,500	200

It is true that these budget estimates of expenditure are not very ambitious like those of other plans. But we cannot and must not forget that India is a poor land, and we cannot afford to imitate the West in drawing our economic plans.

SOURCES OF INCOME

The non-recurring and recurring expenditures, as indicated above, would be met by—

(1) Internal borrowing from the hoarded wealth and savings of the people.
(2) " Created money " against *ad hoc* securities,
(3) Income from additional taxation,
(4) Income from State-owned industries and public utility services.

Let us study the sources of finance, one by one—

Internal Borrowing—The volume of hoarded wealth in India is quite substantial ; it has been estimated at Rs. 1,000 crores. If a National Government is established in this country, it would be possible to attract at least a portion of these hoards. Moreover, a substantial amount of capital could be obtained by raising Government Loans from the savings of the people. During this war, the moneyed class has earned huge amounts of profits, despite the Excess Profits Tax. Since there will not be much scope for capitalistic investment and enterprise under this Plan, the Government will be able to attract considerable accumulated wealth for its own finances. It is estimated that at least Rs. 2,000 crores could be raised by means of such Government Loans.

'Created Money'—A Popular Government established after the war would command the confidence of the people so far as its financial stability is concerned. This confidence would enable the National Government to resort to "creating" new money against *ad hoc* securities. A sum of Rs. 1,000 crores could be secured in this manner, without creating any special problems of inflation or stabilisation of national currency.

Taxation—A steeper graduation of income-tax, super-tax and corporation taxes, death or inheritance duties, taxation on agricultural incomes above a reasonable minimum, sales taxes, etc., would easily yield Rs. 500 crores during the period of this Plan.

To sum up, the non-recurring expenditure of Rs. 3,500 crores would be met from the following sources :—

	(In crores of rupees)
Internal borrowing	 2,000
"Created money"	 1,000
Taxation	 500
Total	3,500

We cannot rely on the accumulated Sterling Balances, because even if Britain frees India from her political stranglehold, she will not have the good grace to release the Balances in

a manner which will be useful to our country for economic progress.

In accordance with the principles of International Trade enunciated in this Plan, it will be undesirable to pin our hopes on favourable trade balances.

As regards foreign borrowing, it will not be advisable to resort to this source of finance so long as all the internal sources have not been fully tapped.

RECURRING EXPENDITURE

The additional income from State-owned basic industries, Public Utility services, like transport, communications and irrigation, will be quite sufficient to meet the annual recurring expenditure of Rs. 200 crores. This income may be comparatively less during the first five years of this Plan. But during the next five years, it will surely grow into a substantial amount.

" Charitable and religious institutions and their funds fall within the jurisdiction of the provinces. It ought to be possible by both appeal and legislation to ask these bodies to use their resources for furthering the cause of education, health, etc. One of the reasons why religious institutions flourish and are voluntarily supported by the rich and poor alike is that these receive payments in kind, and from this fact, the National Government may well learn a lesson.*

As regards annual expenditure on civil administration, there will naturally be an increase on account of additional requirements for the execution of this Plan. But a curtailment of the present grades of salaries will sufficiently compensate for this additional expenditure.

FINANCES OF VILLAGE PANCHAYATS

With decentralisation of organisation and administration, there should be maximum decentralisation in finances as well. That is why, in this Plan, the Village Panchayats have been entrusted with various financial responsibilities like those of education, public health, sanitation, etc. In fact, the Gram Panchayat is the pivot of the whole Plan. The Central and Pro-

* *Harijan*, 14-8-1937.

vincial Governments are supposed only to assist and guide the Village Councils with a view to achieving the co-ordination of general policy.

The sources of income of the Village Panchayats shall be—

(a) *Fasli Chanda*—For example, 5 seers after each plough in the village may be charged as Fasli Chanda per harvest. Such payments in kind are, undoubtedly, very convenient to the cultivators.

(b) *Manual Labour*—We find, references to this kind of donation even in Kautilya's *Arthashastra.* It is a very natural form of public co-operation. In ancient India, public buildings, tanks, wells, etc., were constructed by the joint, voluntary and honorary labour of the villagers. The Gram Panchayats, under this Plan, may, therefore, legislate that there shall be, say 5 days of free manual labour after each plough in the village. This will facilitate the work of the Panchayats a great deal without any botheration regarding money and cash.

(c) Private donations, on the occasion of social functions like marriages, sacred-thread ceremonies, etc.

(d) Miscellaneous receipts, in the form of arbitration fees and fines, grazing charges and other special cesses for various purposes. Such cesses must, however, be realised in kind.

Indian economy will thus be reconstructed from the bottom and, hence, will be sound and stable.

XVIII

CONCLUDING REMARKS

This Plan is evidently different from the other plans of economic development which have been placed before the country. It is based on certain ideals of economic reconstruction which are the unique contribution of Gandhian thought. The Plan, in order to be worked out and executed, will, therefore require not only efficient and trained workers, but also youngmen possessing firm and unwavering faith in the new ideology. Living and glowing faith can move mountains ; its dearth will not move even a mole-hill.